FOREIGN AGRICULTURE

December
1979

United States Department of Agriculture — Foreign Agricultural Service

California vineyard in springtime

In this issue:

Hard Work, Cooperation Needed to Maintain Growth In U.S. Farm Exports

Less than 10 years ago, the Department of Agriculture's goal for agricultural exports—and it was considered an ambitious goal—was to reach the $10 billion mark by the end of the decade of the seventies.

Fiscal 1979 ended September 30, and the export figures show that U.S. agricultural exports for the year totaled $32 billion. We have overshot the mark by $22 billion; the value of our exports has gone up about 5 times in 10 years, and volume has almost doubled.

The trend has been up in every year in the 1970's, and it is continuing up; our export projection for fiscal 1980 is for an increase in value to about $38 billion, give or take a couple of billion, and we see an increase in volume to more than 150 million tons.

The perennial question as farm exports rose during the seventies was, "how long can it last?" It looked as if the answer had come when export value plateaued in 1974-76, but it inched upward each year and then took off again in 1977 toward the $32 billion recorded in 1979.

I don't think anyone knows how far we can go, or how fast. The opportunities are there.

- In the Communist countries, Eastern Europe, the USSR, China. The Soviets had the best grain harvest in their history a year ago, and still they increased their buying from us. The China market is open.
- In the developing countries, South Korea has become a billion-dollar market and Taiwan is on the verge.
- Then there is OPEC. Agricultural imports by OPEC countries, particularly the Middle East, have gone up by about 6 times since 1971, but the U.S. share of that market remains virtually unchanged at about 20 percent. There is a real job facing us there.

In our traditional markets, growth continues steady, and if we make the codes negotiated in the Toyko Round work and hold some feet to the fire on other concessions, we can increase the pace of sales to those countries.

All in all, the picture in the world market is good.

Here at home, I have no doubt that American agriculture can meet any export demands that may be placed on it in the eighties. The growth in exports by 1980 will largely be determined by factors off the farm.

The first of these is market development work itself. To accelerate the pace of farm exports will take more planning, more money, and more work by the cooperators, by the States and by the Federal Government, and much closer cooperation among all three segments

The export growth of the seventies was not the product solely of world growth in population and income and changes in weather. The foreign farmer did not wake up one morning and say, "I'm going to take my cows off grass and my pigs off garbage and put them on mixed feed." The housewife didn't turn from corn meal or rice toward products made from wheat flour on a whim.

Population and income growth increased the effective demand for more food, but market development work—education and information—created the demand for specific products with which to get more food and better food.

There are hundreds of millions of farmers and consumers still to be reached in this market development process. To do that job right and continue the work in our established markets will require total U.S. support for agriculture exports.

We can be heartened by some of the things that have occurred in the past year. The MTN negotiations in Geneva reached a successful conclusion for American agriculture, and the agreements have been approved by the Congress. We have the Agricultural Trade Act of 1978; the President has reorganized and revitalized the President's Export Council, with a strong subcommittee on agriculture.

Finally, if we are to continue expanding our exports, we have got to improve our transportation and distribution system. With last year's harsh winter and the strikes at Duluth and on the Rock Island this summer, it was touch and go to move the estimated 128 million tons of exports that brought the $32 billion in exports in fiscal 1979. We'll have to move 150 million tons or so in the current year.

—*From remarks by Thomas R. Hughes, Administrator, Foreign Agricultural Service, at a U.S. Market Development Cooperator Seminar in Williamsburg, Va., October 1979.*

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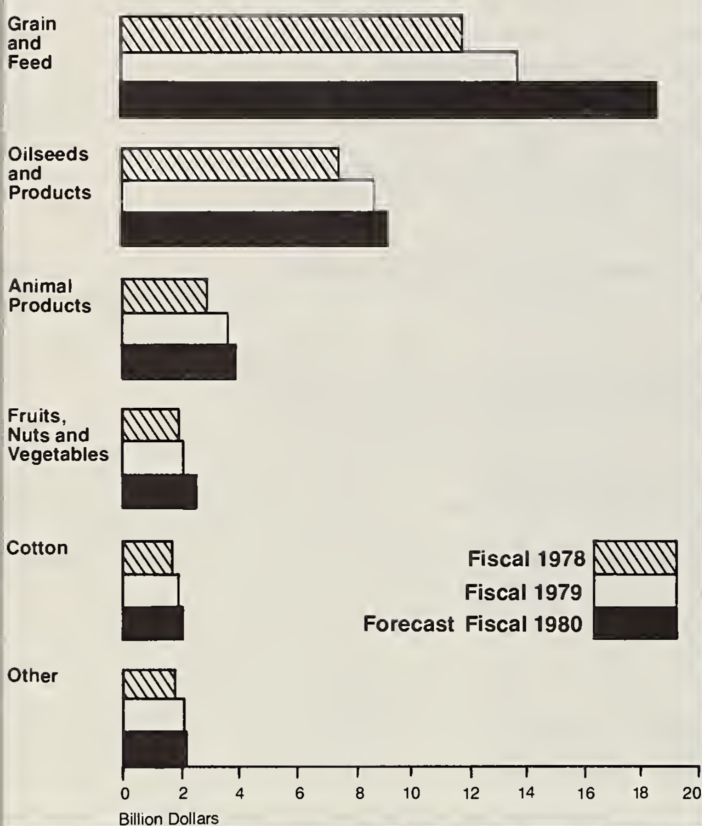
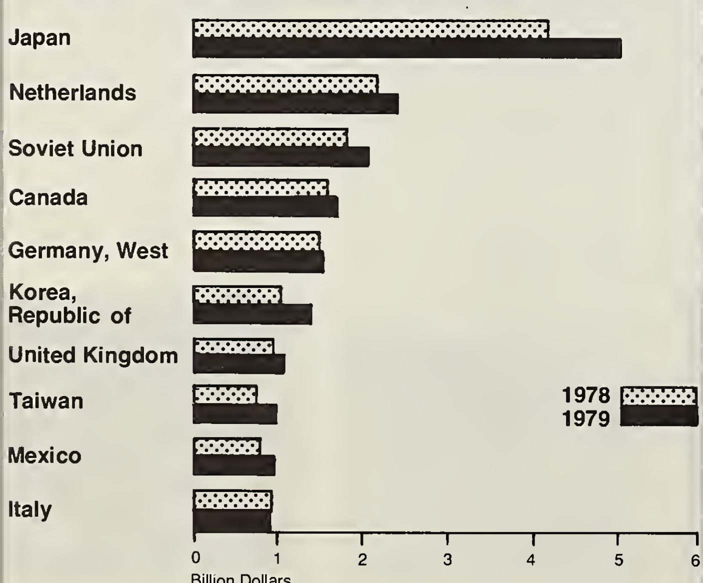
AGRI-DATA

Value of U.S. Agricultural Exports Fiscal (Oct.-Sept.) 1978, 1979; 1980 Forecast

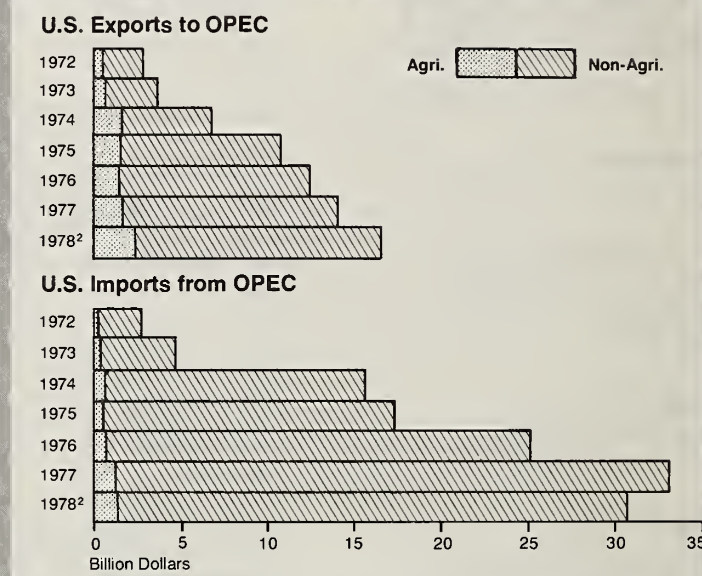


Major Markets for U.S. Agricultural Exports Oct.-Sept.,[1] 1978/79;—Fiscal 1978, 1979



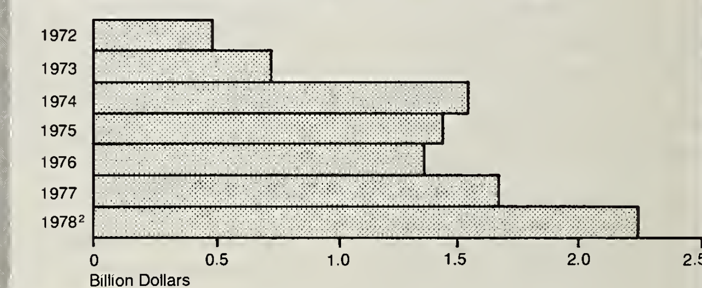
[1]Not adjusted for transshipments.

U.S. Trade with OPEC, 1972-78[1]



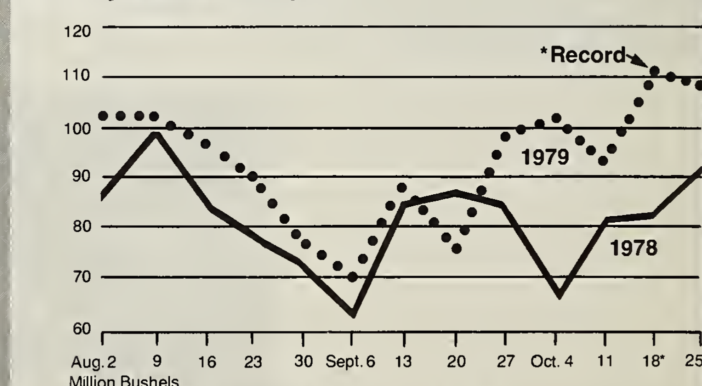
[1]From USDA's U.S. Foreign Agricultural Trade Statistical Report (calendar years).
[2]Preliminary.

U.S. Agricultural Exports to OPEC, 1972-78[1]



[1]From USDA's U.S. Foreign Agricultural Trade Statistical Report (calendar years).
[2]Preliminary.

Weekly Inspections of U.S. Grains[1] and Soybeans for Export[2]



[1]Grains include corn, wheat, sorghum, barley, and oats.
[2]Week ending on date given.

COMMODITY UPDATE

POULTRY MEAT OUTPUT IN THE 38 PRINCIPAL PRODUCING COUNTRIES is expected to reach 19.6 million tons, up 6.8 percent over 1978's total. Countries registering the largest gains will be Poland, the United States, and the USSR. Poultry meat production in the countries of the European Community (EC) is forecast to increase 3.6 percent in 1979.

Production of eggs in the 38 principal countries is forecast to total 332.3 billion pieces in 1979, for a gain of 1.7 percent over year-earlier levels. The United States, the EC, and the USSR will each account for about 20 percent of total output.

Milk production in the 36 principal milk-producing countries is forecast to rise less than 0.6 percent in 1979 to 403.7 million tons. This increase is less than previously expected, owing primarily to a projected 3.2 percent drop in production in the USSR, the world's largest single producer. This shortfall will be caused by poor quality grain for feed and less than adequate roughage supplies, resulting in depressed per-cow productivity. Elsewhere, milk production rebounded sharply in Australia (+11 percent) and New Zealand (+8 percent) during the 1978/79 season.

With the cattle cycle bottoming out in a number of countries and with associated reductions in slaughter, 1979 beef production in the major importing countries (the United States, Canada, and Japan, as well as countries of the EC) and in the major exporting countries (Australia, New Zealand, Argentina, Mexico, Uruguay, and the Central American countries) is expected to be down 8.4 and 7 percent, respectively, from 1978 levels.

THE NOVEMBER WORLD OILSEED PRODUCTION FORECAST FOR 1979/80 WAS 178.3 million metric tons, 12 percent above the 159.1-million-ton 1978/79 output. Record world soybean and sunflower crops account for most of the increase.

World soybean production is forecast at 95.1 million tons from a harvested area of 52.8 million hectares. The U.S. crop has enjoyed excellent growing conditions throughout most of the growing region with record yields projected. Argentina and Brazil are expected to produce larger crops this year.

World sunflower production is forecast at 15.0 million tons, 20 percent above the 1978/79 level. The record U.S. crop will more than offset the drought-reduced Soviet crop.

U.S. exports of oilseeds and related products during 1979/80 are expected to remain strong.

THE SERIOUS OUTBREAK OF BLUE MOLD DISEASE THAT REDUCED Ontario's 1979 flue-cured tobacco crop to an estimated 160 million pounds (production target was 230 million pounds) could push grower prices above the industry-guaranteed average of Can$1.16 (US$1.00) per pound.

Higher prices and the 70-million-pound production shortfall could hold exports from the 1979 crop to below the hoped-for-level of 100 million pounds—to only 70-75 million pounds.

The short crop is not likely to seriously affect supplies for domestic manufacture, however. Industry stocks are estimated to equal at least 1 year's manufacturing requirements; no significant increase in Canada's imports is thus foreseen. However, as a result of Canada's reduced supply, demand for U.S. leaf could strengthen, particularly in West European markets.

U.S. LEAF TOBACCO EXPORTS DURING FISCAL 1979 REACHED 286,835 TONS, 5 percent above those of fiscal 1978. The value was up 14 percent, at $1,292 million. Shipments to the United Kingdom, the No. 1 U.S. market in fiscal 1979, were up 10 percent, to 48,893 tons.

The European Community, including the United Kingdom, took 134,235 tons of U.S. leaf, up 16 percent, when compared with U.S. exports to the area in 1978. Exports to Japan fell 7 percent to 47,989 tons. Shipments to Africa fell 29 percent, primarily because of lower tobacco leaf movements to Egypt and the Canary Islands.

The U.S. export projection for fiscal 1980 is 290,000 tons, slightly above the quantity shipped in 1978. Japanese purchases from the 1979 flue-cured crop were down less than originally anticipated. Additionally, European customers, particularly West Germany, purchased substantial quantities of leaf from geographic regions of the U.S. flue-cured-production area where they normally purchase very little tobacco. This indicates that shipments to the EC may be up in 1980. Scandinavia and Asia (other than Japan) also are expected to purchase more U.S. leaf in the current year.

WORLD COTTON PRODUCTION IN 1979/80 IS PROJECTED AT 63.8 MILLION BALES, compared with 59.8 million in 1978/79. Foreign production may increase only 400,000 bales to 49.3 million, as estimates have been reduced in the USSR, Paraguay, and Nicaragua. U.S. production is estimated at 14.5 million bales, 3.7 million above the 1978/79 level.

Soviet deliveries of seed cotton to the gins have been running well below average rates. This, and indications that Uzbekistan Province would fall below its delivery target, are the main reasons for the lower estimate.

Paraguay's producers face credit limitations and will likely be unable to plant the Government goal of 360,000 hectares. The crop in Pakistan has continued to improve and could reach 2.85 million bales, compared with 2.132 million last season.

World cotton consumption in 1979/80 is forecast at 63.1 million bales, an increase of 300,000 bales over last season's. Demand remains fairly strong in most foreign countries, but lower economic growth rates are expected to slow use in early 1980.

Demand for U.S. cotton was very strong in October, with record export sales of 1.2 million bales, resulting in marketing year 1979/80 commitments of 6.3 million bales as of October 28. With sales to China approaching 1.5 million bales, the official USDA export estimate has been raised to 6.8 million bales.

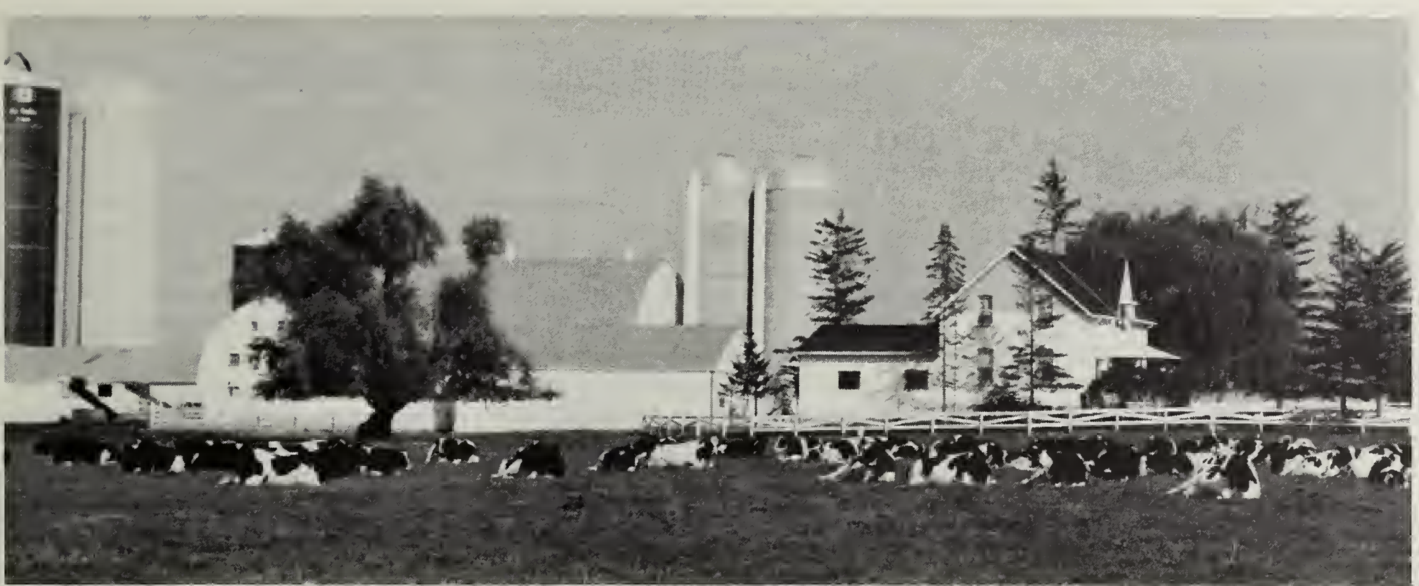
THE FIRST FAS ESTIMATE FOR WORLD SUGAR PRODUCTION IN 1979/80 IS FOR 87.7 million tons (raw value). This is down 3.2 million tons (or 4 percent) from the 90.9 million tons produced in 1978/79. The expected decline is the result both of decisions on the part of some countries to cut back output for various reasons and unfavorable weather conditions in other countries.

It is forecast that sugar consumption may approximate 91.0 million tons in 1979/80. The expected 3.3-million-ton deficit will be compensated by a stock drawdown—the first decline in world sugar stocks since 1971/72.

A BUMPER U.S. WALNUT CROP HAS PUSHED THE WORLD HARVEST TO A RECORD HIGH—271,000 tons (in-shell basis)—one fourth greater than the reduced crop of last season. During the period between the 1978 crop and the previous high set in 1975/76, output had continuously fallen below expectations. As a consequence, prices rose to near record levels and exports dropped off considerably.

The United States, the world's leading producer of walnuts, is anticipating a bumper crop of 199,600 tons, up a tenth from the previous high in 1975/76.

WORLD PISTACHIO OUTPUT HAS PLUMMETED TO AN ESTIMATED 36,400 TONS, down almost a half from last year's crop. Production in Iran, the major producing country, is off nearly 80 percent from the 1978 harvest because of severe spring frosts.



A dairy farm in Ontario, Canada

Debate Continues Over Canada's Livestock, Dairy, Poultry Marketing Boards

By Robert A. Riemenschneider

During the past several years, there has been an ongoing debate in Canada over the trend toward more Government intervention in Canadian agriculture. This trend is particularly evident in the dairy, livestock, and poultry sectors, where establishment of federal commodity marketing boards is a growing phenomenon.

These national boards essentially are a spinoff from the provincial marketing boards that have existed for some time. In effect, they combine the provincial boards for a given commodity under a federal market program designed to manage commodity supply through production and import controls.

So far, these national boards exist for industrial milk, turkeys, and eggs. In addition, a national supply management program for chickens was announced in late 1978 and became operational in October of this year.

In Canadian agriculture, the term "supply management" means regulation of the supply of a commodity so that it meets market demand at a price sufficient to cover producer costs. Usually, producer prices are set, often on the basis of a "cost of production" formula, and production and import quotas are established by a marketing board or agency.

Since the establishment of import quotas is an integral part of Canada's supply management programs, the United States has a vital interest in the proliferation of these national marketing boards. Canada is a major trading partner with the United States in animal products. U.S. exports of dairy, livestock, and poultry commodities to Canada in 1978 totaled $317.2 million, including $10.3 million in dairy products, $13.4 million in fresh or frozen chicken meat, $15.5 million in eggs and egg products, and $900,000 in fresh or frozen turkey meat—commodities covered by federal marketing boards.

To date, Canadian import quotas on turkey meat and eggs and egg products have not restricted imports of U.S. products as much as the Canadians had anticipated. Because of problems inherent in predicting market conditions up to a year in advance, Canadian turkey and egg production quotas have occasionally failed to meet market demand in Canada, necessitating large supplemental imports in excess of the annual import quotas. In 1976, for instance, imports of 7.5 million dozen shell eggs were eventually authorized, even though the initial 1976 import quota had been set at only 3 million dozen.

The Canadian debate over the effectiveness of marketing boards and their benefit to agriculture, and the economy in general, is joined by a rather complicated mix of opponents and proponents.

To the extent that generalizations can legitimately be made, marketing boards are usually favored by producers, but opposed by consumers. However, among the various producer groups, most poultry, dairy, and—to a lesser extent—hog producers support the concept of marketing boards as a means of maintaining producer income, while most cattle producers want no part of such Government involvement.

Within the poultry and hog sectors, there is some disagreement on the need for federal marketing boards; many poultry producers in western

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Canada have expressed dissatisfaction with the federal supply-management programs, while the provincial hog marketing boards show little interest in a national program.

Dissatisfaction among western poultry growers is evidenced by the Alberta chicken board's refusal to join the national chicken marketing agency and recent threats by boards in Alberta and British Columbia to withdraw from the Canadian Turkey Marketing Agency (CTMA). In fact, Alberta actually withdrew from the CTMA earlier this year, but subsequently rejoined the agency.

The marketing board concept is not new to Canadian agriculture. Marketing boards at the provincial level have existed for many commodities since the early 1950's, and a number of these trace their roots to pre-World War II farmer cooperatives.

The provincial marketing boards are quasi-governmental organizations composed of provincial government and industry representatives. However, for the most part they are concerned more with market development and promotion and dissemination of market information than with supply management.

Although provincial governments possess a relatively large degree of authority over intraprovincial marketing of their commodities, they can not statutorily regulate trade with other provinces or foreign countries, as this authority rests with the Federal Government. This limits the ability of provincial marketing boards to control the supply of a commodity within their provinces as a means of supporting producer prices. Some provinces have tried to restrict imports through provincial health regulations or other means, but generally they have not been successful.

The inability to effectively restrict extraprovincial and, more importantly, import competition was a major factor behind the move toward national supply management programs and consequent passage in 1972 of the National Farm Products Marketing Agencies Act. This Act gave rise to the national marketing boards for turkeys, eggs and egg products, and chickens. (The Canadian Dairy Commission, the national marketing board for dairy products, was established earlier under separate legislation designed specifically for the dairy industry).

The national marketing agency for each of these commodities is, in effect, a collection of the previously independent provincial marketing boards, with representatives of the provincial agencies serving on the national board. Under the federal programs, provinces still maintain control over intraprovincial production and marketings, but the national marketing agency controls imports and interprovincial trade.

In practice, the federal board determines the national production quota based on estimates of market demand, production costs, and other factors, and assigns a share of the quota to each province, usually on the basis of a historic market share. The provincial marketing boards then allocate their quota shares to producers.

The debate over marketing boards intensified as formation of the National Chicken Marketing Agency slowly worked its way through the necessary stages of public hearings, provincial assession, and federal cabinet approval. In fact, the general debate over the effectiveness of national marketing boards may have been partly responsible for the long delay in getting the chicken agency implemented. While initial public hearings on that agency were held in 1974, final federal approval was not granted until December 1978. Efforts to avoid some of the problems that led to criticism of the egg and turkey boards are probably responsible in part for the delay.

Consumer groups, for instance, criticize marketing boards because of the inevitable increase in retail prices for the commodities in question. These groups claim that by controlling production and imports of a given food item and by setting target or minimum prices for producers, marketing boards limit competition in the industry and keep marginal, less-efficient producers in business.

Consumers point to the value

Canada Sets Quotas on Chicken Imports

On October 19, the Canadian Government announced the implementation of import quotas on live chickens and chicken meat as the final step in the establishment of the Canadian Chicken Marketing Agency (CCMA). This new national marketing board will manage Canadian chicken supplies and thus support producer prices through production and import quotas under a national marketing plan.

An import quota of 8.75 million pounds, dressed weight basis, was announced for the period October 21, 1979, to December 31, 1979. This amount is based on Canadian imports of chicken during 1975-78. This period also forms the base for calculating future import quotas, with the exception of transitional quotas of 48.5 million pounds and 52.0 million pounds for 1980 and 1981, respectively.

For 1982 and beyond, the annual chicken import quota will be 6.3 percent of the previous year's production in Canada. The 6.3 percent figure represents the ratio of average annual imports to average annual production in Canada during 1975-78. The United States is virtually the sole foreign supplier of chicken to Canada.

Announcement of the chicken import quota marks the end of an implementation process for the CCMA that has taken several years. The long-awaited Canadian Cabinet approval was granted in December 1978, and implementing regulations were finalized in August 1979. The domestic aspects of the marketing plan, namely marketing quotas for Canadian chicken producers, became effective October 1, 1979.

The Canadian Government considers the import quotas to be an integral part of its national supply-management program and consistent wth its international obligations under the General Agreement on Tariffs and Trade (GATT).

Prior to announcing the import quotas, Canada held consultations with the United States to discuss the quota size and other aspects of the import system.

production quotas often acquire as one example of the added costs that the marketing board programs generate. Production quotas can acquire value whenever producers want to increase production, since it becomes necessary to obtain a quota increase. Usually, this can only be accomplished by buying it from producers who already have quotas.

Marketing board proponents, on the other hand, argue that in the long run consumers are better served by the assurance of a stable, reliable supply of the commodity in Canada, free of market uncertainties and fluctuations that can result from a heavy reliance on imports. Some Canadians view Canada as a residual market for many U.S. commodities, particularly poultry, where U.S. exports are only a small percentage of U.S. production. They claim that even a small change in U.S. production could mean a drastic change in Canadian imports and supplies, causing havoc in the Canadian market.

While the debate between producers and consumers over marketing boards has been continuous, several events have brought it more than the usual amount of publicity from time to time. For example, the debate heated up considerably a few years ago during the so-called "rotten egg scandal." As part of a surplus removal program, the Canadian Egg Marketing Agency (CEMA) was purchasing surplus eggs and placing them in storage where, because of technical problems, a large quantity of CEMA-stored eggs spoiled and had to be destroyed.

The debate has not been strictly between producers and consumers, however, as most Canadian cattle producers want no part of federal supply management programs. They believe they have the resources and the know-how to produce livestock and meat efficiently and profitably, provided the market is allowed to function free of Canadian Government interference.

This attitude stems, in large part, from the fact that cattle producers are more export-oriented than are the poultry and dairy sectors. They believe that federal supply management programs undermine the competitiveness of Canadian producers in world markets, and the North American market in particular. Canadian cattle and beef producers feel that marketing boards extract a cost much greater than any benefit obtained and threaten the free enterprise nature of Canadian agriculture.

Many hog producers hold a similar attitude toward federal marketing boards. But they are less opposed to provincial marketing agencies, as evidenced by the existence of hog marketing boards in most Canadian provinces. However, Canada's provincial hog boards are concerned largely with the marketing of hogs and usually are not involved in supply management. They have been especially effective, for instance, in obtaining contracts with Japanese importers for regular shipments of Canadian pork to Japan.

Many observers cite the provincial hog marketing boards in Canada as an example of what marketing boards should be, and they often point to the Ontario Pork Producers Marketing Board (OPPMB) specifically. □

Electronic Auction System Speeds Hog Sales in Ontario, Canada

Offers and bids flying electronically between a centrally located marketing office in Toronto and Ontario's pork packing houses are making available to even the smallest hog producer in the Province the opportunity to, in effect, sell his hogs to any packer in the Province.

The sales procedure starts when an Ontario farmer delivers his hogs to one of 45 Ontario Pork Producers Marketing Board (OPPMB) hog assembly yards, where the animals are weighed, tatooed for ease of identification, and divided into truckload lots of between 50 and 200 head.

The marketing office is then notified, and at this point electronics are called on to spread the word of the hogs' availability and to complete the sales process.

An alert is sent by teletype to receivers of potential buyers at each of the nine major packing plants in Ontario and to an agent representing smaller Ontario packers and out-of-Province buyers.

After notifying all the prospective buyers which yard has the hogs, and the number and size of the lot, the central selling office broadcasts a starting offer about 50 cents per hundredweight higher than it expects the lot to bring.

This price is on the basis of index 100, the norm in Canada's indexing system of hog carcass grading, which uses the ultimate weight of the carcass and the thickness of the outer fat layers to predict the normal average yield of trimmed retail cuts from the carcass.

If no acceptance is received immediately, the teletype automatically lowers the asking price 5 cents every 3 seconds, and simultaneously transmits the new price to all the teletype receivers.

When the price reaches a point a buyer is willing to pay, he hits the "panic button" on his teletype printer, stopping the action.

From this point on, all general transmissions cease and private communications take place between the central office and the buyer, during which the offer and acceptance are confirmed.

The next step is to notify all the other participants in the sales procedure that a sale has indeed been made and to disclose the amount of the final bid. However, the identity of the successful bidder is not revealed.

The Board handles nearly all aspects of the live hog trade of participating producers. It keeps all transaction records, receives payment from buyers and passes on to each producer his fair share. (Transportation costs from the farm to the assembly yard are borne by the producer, while those from the yard to the plant are paid by the packer.)

Every lot delivered to an OPPMB hog assembly yard is handled in this way, thus ensuring every hog producer in the Province has an equal chance to sell his hogs at premium prices.

Canada's indexing system of hog carcass grading is the key element making this entire process possible. By allowing variable premiums or discounts to be added to or subtracted from the auction price on the basis of how well the eventual carcass grades in relation to a standard grade, the indexing system permits buyers to purchase hogs sight unseen. □

Pork producers in Ontario are quick to note that theirs is not the typical supply-management agency. The OPPMB's key marketing feature is an electronic teletype auction system that ties together every Ontario pork producer and every pork packer in the Province. (See accompanying article). OPPMB also sponsors research in numerous aspects of hog and pork production as well as in various consumer, promotion and advertising campaigns.

In Canada's poultry sector, western and eastern producers differ on how the supply management system should operate, but not necessarily on the concept. Under provisions of the National Farm Products Marketing Agencies Act, any national marketing board setting a production quota must allocate that quota among the provinces based on each province's average share of total Canadian production during the past 5 years. Future quota allocations supposedly can take into account changes in regional demand and comparative advantages in production; however, in practice, a province's share of the production quota tends to become locked in, since any increase in one province's share leads to a reduction in another's.

It is this provision that western-province producers object to most. The western provinces, and especially Alberta, are in the midst of an economic boom resulting from—among other things—development of their gas and oil reserves. While 70 percent of Canada's poultry production is in Quebec and Ontario, many western poultry raisers feel theirs is the growth market and that quota allocations have not, or will not, adequately reflect the full growth of the market. They claim this condition may lead to shipments from eastern to western Canada to meet the market demand—a demand they feel should be filled by local producers.

This production share issue was the main reason why the Provinces of British Columbia and Alberta have threatened to withdraw from the CTMA and Alberta recently refused to join the national chicken marketing board. Since these provinces have small percentages of Canadian chicken and turkey production, the implications of their not belonging to a national marketing agency are not yet clear. □

Cotton Demand Rising In Five Asian Countries

By George E. Deariso

Imports of raw cotton during the 1978/79 marketing year by five southeast Asian countries—the Philippines, Indonesia, Thailand, Bangladesh, and India—are projected at about 1.2 million 480-lb bales, with about half of this volume supplied by the United States.

The textile industries of the Philippines, Indonesia, Thailand, and Bangladesh are highly dependent on imported cotton to supply the needs of their spinning mills. India's cotton producers supply the majority of the cotton fiber consumed by the country's mills, but periodically unfavorable growing conditions necessitate a significant volume of imports.

In the Philippines, Indonesia, and Thailand, where the textile industries are being modernized and expanded, U.S. cotton exporters should find growing sales opportunities over the next several years.

In India, any increased output of textiles will most likely depend upon the availability of domestically produced cotton and manmade fiber. In Bangladesh, foreign assistance will be the key to any significant expansion.

[1]Samuel T. Reeves, Dunavant Enterprises, Inc., representing the American Cotton Shippers Assoc., leader; Eduardo C. Esteve, Esteve Cotton Co., representing ACSA; Albert S. Kyle, III, Plains Cotton Cooperative Assoc., representing AMCOT; Donald A. Johnson, Plains Cotton Growers, Inc., representing the Producer Steering Committee of the National Cotton Council; Mr. Deariso; and Carl C. Campbell, CCI, Washington, D.C.

The author is an economist in the Tobacco and Cotton Division, Commodity Programs, FAS.

These projections are reported by a U.S. cotton trade team[1] that visited the five countries during June 1-21, holding extensive discussions with government officials, representatives of textile industry organizations, cotton merchants, cotton spinning mill executives, agents of U.S. cotton exporters, and others on matters relating to the export and utilization of U.S. cotton.

The team found that U.S. cotton generally has a reputation for high quality in the markets visited and that U.S. cotton exporters are believed to be the most reliable suppliers involved in international cotton marketing.

The continued use of Commodity Credit Corporation (CCC) credit could help maintain U.S. cotton's position in certain markets—notably in the Philippines and Thailand, the team concluded.

Summaries of the team's report on the five markets follow:

Philippines. U.S. cotton in recent years has accounted for 80-90 percent of the country's imports of raw cotton, which in 1978 were valued at about $40 million. However, Central and South American growths are competitive, and Pakistan could become a significant threat in short-staple varieties. Domestic cotton production supplies only about 5,000 bales of total Philippine cotton requirements of 135,000-140,000 bales. The dominant staple lengths consumed by Philippine mills are 1 inch and 1 1/32 inch, which together account for over 40 percent of mill consumption.

The Philippine textile industry is being modernized and expanded, and many of the current 963,000 spindles are being updated or replaced. The addition of about 150,000 spindles has been approved by the Board of Invest-

ment, and about 60,000 new spindles are expected to be in place by yearend 1979. There are about 3,600 open-end rotors in place, and another 4,000 rotors are expected to be operational by the end of 1979. All the anticipated new spinning capacity is scheduled to be in place by yearend 1982.

The industry is gearing up to spin more fine-count yarns, and by 1980 should mark the beginning of a noticeable change in the types of cotton required by Philippine mills. The modernization and expansion program is expected to boost total Philippine cotton consumption in 1979/80 to about 175,000 bales.

Indonesia. Domestic cotton production is expected to remain at only about 3,000 bales annually, and consequently nearly all of the country's cotton requirements will continue to be imported. Consumption is projected to rise from 390,000 bales in 1977/78 to about 450,000 bales in 1978/79. Imports during 1978/79 are projected at 400,000 bales—more than half of which will be from the United States. The USSR, Pakistan, Turkey, and Argentina are significant competitors. The availability of Sudan growers was noticeable to team members during the visit. Cotton fiber accounts for about 70 percent of mill fiber consumption, with manmade staple fiber and filament yarns making up most of the remainder. Indonesia produces a high percentage of medium-count yarns, and imports of staple lengths 1-1/16 inches and longer make up about 70 percent of total imports.

Thailand. Imported cotton volume for the 1978/79 year is estimated at about 400,000 bales—about half from the United States—with domestic production of about 125,000 bales more than making up the remainder of the estimated total consumption of about 500,000 bales. Domestic production in 1979/80 could increase by up to 25,000 bales, which could help offset a projected modest increase in consumption. Major competitive growths in the Thai market have been those of Sudan, Turkey, and the USSR, but imports from the latter two have declined and imports from the United States and some South American countries have been increasing. Major competitive growths in the Thai market have been those of Sudan, Turkey, and the USSR, but imports from the latter two have declined and imports from the United States and some South American countries have been increasing. The dominant staple lengths used by Thai mills are 1-1/16 inches and longer, representing about 50 percent of total consumption.

Thailand consumes 65 percent of the textiles it produces and exports the remainder. Any long-run expansion of the Thai market is dependent upon continued stability and growth of the Thai economy, and upon Thailand's ability to negotiate favorable textile export quotas with the United States and the European Community. General economic conditions in Thailand indicate that an expanded cotton promotion program may be useful.

Bangladesh. The Cotton Development Board's target for cotton production is 20,000 hectares, but harvested area was only about 3,000 hectares in 1978/79. Cotton consumption and imports during 1978/79 each are estimated at about 200,000 bales and increased imports over the next several years are projected to meet the anticipated rise in per capita textile consumption. An agreement for imports of cotton from Pakistan has been signed, and the Government indicated to the team that a larger volume of imports from the United States was anticipated. For the 1978/79 year, U.S. cotton accounted for about two-thirds of total cotton imports, with Pakistan and the USSR the other major suppliers.

Bangladesh's textile industry has been nationalized since 1972, and textile officials indicated their hope for increased output and productivity in cotton spinning mills. The industry has an estimated 800,000 spindles in operating condition, and another 200,000 in disrepair. Long-range industry plans call for 1.7 million spindles by 1985, but expansion currently is moving at a slow pace. About 80 percent of the country's cloth production is woven on hand looms, and this sector is expected to absorb most of the additional yarn output in the future. There will be some modernization in the power-loom sector—so long as it does not significantly reduce employment.

Textile Ministry officials indicated to team members their hope to negotiate for 60,000 bales of U.S. cotton under P.L. 480 provisions during fiscal 1980. The officials mentioned that such an arrangement would create employment, enable consumers to buy more food, and would help the country accomplish one of its goals—adequate clothing for its people.

India. Cotton production in India has been trending up over the past 20 years, and recent crops have been in the 5- to 6-million-bale range. Output in 1979/80 may be down to 5.8 million bales from 6.4 million bales in 1978/79.

Consumption of cotton has averaged more than 5.6 million bales annually over the past three seasons, and consumption during 1978/79 is expected to amount to 5.7 million bales.

The United States was a significant supplier of cotton to India in the late 1960's and early 1970's, when India was importing 500,000-700,000 bales annually, but in the past 5-6 years, India has produced most of its own needs in upland varieties. Imports have been largely ELS and small amounts of long-staple upland.

However, adverse weather in 1976 and again in 1977 opened the way for renewed imports of upland cotton from the United States and other origins. Any similar adverse weather conditions could provide renewed opportunity for significant U.S. exports to India—depending upon price, quality, and availability. In all likelihood, India in the future will have to import cotton from time to time.

The Indian textile industry, with its 20 million spindles, more than 200,000 power looms, and several million hand looms is one of the largest, and Indian mills are the world's fourth largest consumer of cotton. A certain amount of modernization is being carried out on a continuing basis in both the spinning and power-loom sectors, but expansion in the spinning sector is slow and is virtually nonexistent in the power loom sector.

The textile industry produced about 9.5 billion square meters of cloth in 1978 and has a goal of 14.5 billion square meters by 1985. Textile officials believe they can accomplish this goal with about 8 million bales of cotton annually, but they did not state the percentage of manmade fibers to be used in projecting this level of cotton consumption. They advised team members that the expanded level of cloth production would be accomplished largely on hand looms, as no additional power-loom capacity is expected to be authorized by the Government. □

California Wines Earning A Toast in Dutch Market

By John J. Reddington and Christian J.M. Langezaal

The Netherlands is becoming a budding market for California wines through the concerted promotional efforts of FAS and the U.S. wine industry. The initial stages of market building are already bringing favorable results for California wines in the Netherlands, despite the established competitive edge of European wines.

Basis for this strong export effort are the dramatic gains in quality and availability made by the U.S. wines over the past decade. In this period, U.S. wine production has nearly doubled while export sales have trebled.

Just a few years ago, a Dutch market for California wines was practically nonexistent. In the early 1970's, wine tastings occasionally were organized, but they were mainly social events. With the hope of changing this, one of the largest and best known Dutch wine importers began importing U.S. wines. At first, these efforts were not very successful, largely because of poor product exposure and because California wines were mostly unkown to the average Dutch consumer.

Over the past 4 years, however, repeated exposure at FAS-sponsored food shows and other promotional efforts have resulted in a favorable atmosphere for California wines in the Netherlands. Also, increased travel of Dutch visitors to the United States has given Dutch consumers a new understanding—and a new respect—for California wines.

As a result of expanded market potential, Paul Masson wineries opened an office in Amsterdam earlier this year—confident that the Netherlands is a ready market for California wines.

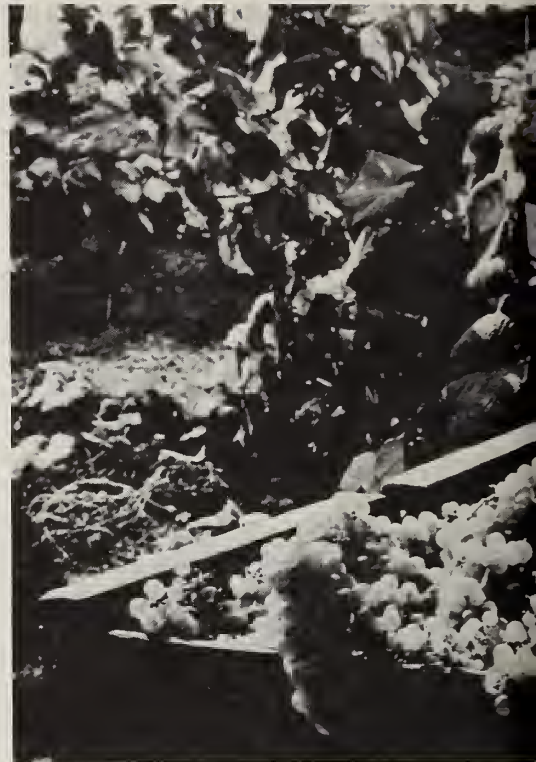
Another boost for California wines in this market occured in October 1978, when an FAS-sponsored Dutch trade team toured the United States.

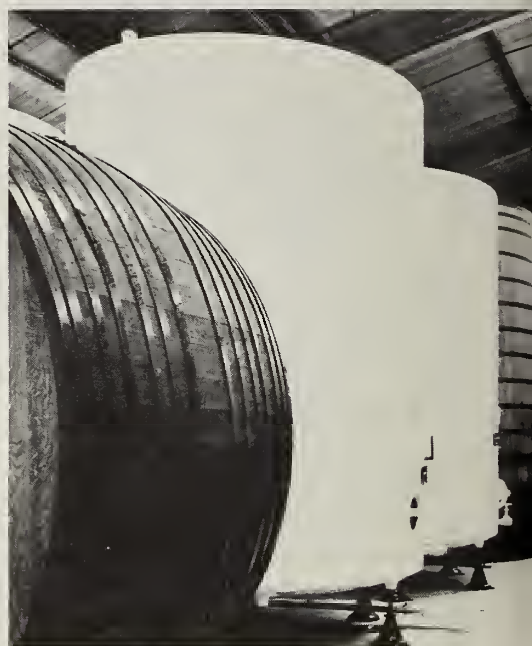
One FAS objective was to get team members acquainted with California wines and the wine trade. One result: The largest chain store organization (Albert Heijn) in the Netherlands planned to introduce five California wines. The promotional campaign was scheduled to begin with a press conference and wine tasting in the American Embassy in The Hague.

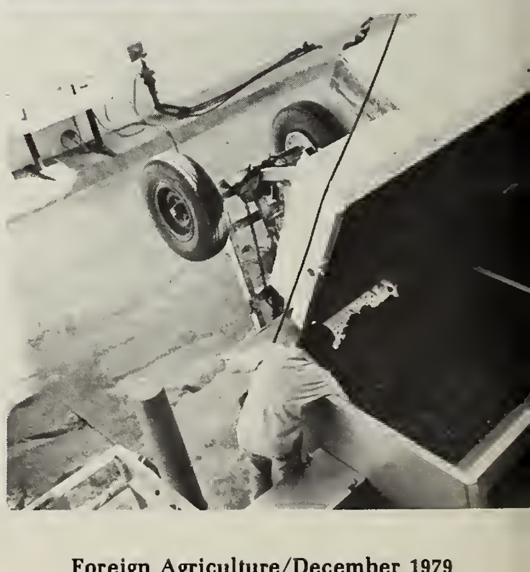
The Netherlands second largest chain store—Edah—also was represented on the team. Edah is now negotiating with suppliers on possible arrangements for California wines in the Dutch market. A third member of the Dutch trade team has become the representative of Sebastini Vineyards of Sonoma, Calif.

While the final judgement will be made by the Dutch consumer, these marketing efforts by both the trade and FAS have created a product exposure that hardly existed until recently.

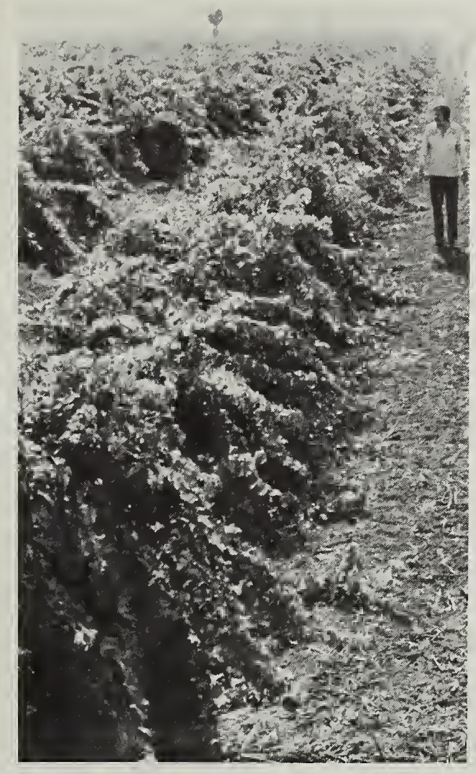
This growing interest in California wines parallels the marked improvement in quality resulting from modern technology and expanded plantings of premium grape varieties—plus a tradition of its own. Over 200 years ago, vintners from Europe brought their skills and trade to California. Slowly and after many vicissitudes,

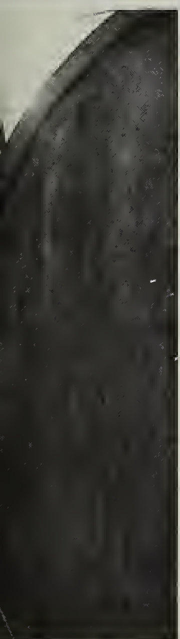






Mr. Reddington is U.S. Agricultural Attaché and Mr. Langezaal is U.S. Agricultural Assistant, The Hague.





Vistas of California winemaking reflect the combination of favorable conditions for growing premium-quality grapes and modern technology that has helped build an international reputation for California wines. Clockwise from top left: freshly harvested grapes at collection point; winegrower inspects sun-drenched Sauvignon grapes; terraced California vineyard nestled in foothills; grapes being gently crushed on way to becoming fine wines; in aging process, glass-lined stainless steel tanks take their place alongside wooden ones in modern winery. (Wine Institute photos)

including the closing of most of the industry during the Prohibition years, a winemaking tradition was developed.

In 1978, there were 343 bonded wineries and cellars in California, representing about 50 percent of the national total of 676 wineries. That same year, an estimated 426.8 million gallons of wine were produced in the United States, nearly doubled the 214.5 million gallons produced in 1968. During this same period, California's share of the U.S. production increased from 82 to 88 percent.

The gain in U.S. wine production and marketings has been almost entirely in table wines—light wines of 14 percent or less of alcohol. Sales of table wines more than trebled from 1968 to 1978, rising from 96 million gallons to 301 million.

Although wine imports rose sharply from a fairly small base during 1968-78, the bulk of the increase in U.S. domestic sales was California wines (about 136 million gallons), reflecting the extensive new plantings of premium varieties of wine grapes. More than any other factor, the increased availability of premium grapes has been responsible for improved quality and expanded sales of California wines.

For quite some time, California's wines have been winning awards in international expositions and competing with European wines for world export markets.

In a recent international wine competition in France with 33 countries participating, the United States was an extremely close second to France overall. Moreover, it was clearly the leader for major white wines, capturing first place in the Chardonnay, Sauvignon, and German-style Riesling categories. France was the clear winner in red wines.

Records show that as early as 1867, the Germans, Danes, British, and Canadians were buying California port.

The early progress in developing foreign markets ceased, of course, with the advent of Prohibition. Afterward, the U.S. wine industry had to make an almost new beginning, and for a long time relatively few wineries were export-minded.

Today, the combination of modern science and tradition has made California a wine paradise, producing wines for every taste, occasion, and pocketbook. □

1979/80 To Be Record Year For Oil, Meal Outturns

By Alan E. Holz

World oil and meal supplies will reach new highs in 1979/80 as a result of the record U.S. soybean harvest and bumper oilseed crops in several foreign producing countries. This prospective abundance, in turn, implies a sharp buildup in stocks and some cutbacks in oilseed plantings next year, since trade is not rising apace of production.

Over the longer term, however, supplies should approach balance as production lags behind demand, which for oil is projected to grow by about 3 percent annually between now and 1985, and for meal, by 4 percent annually.

Mid-November estimates placed world meal production in 1979/80 at 97.0 million metric tons (soybean meal equivalent)—12.2 million tons above that in 1978/79—while production of fats and oils gained 4.4 million tons to 59.3 million.[1] The United States is expected to account for 49.6 million tons of the potential meal output—an 8.6-million-ton gain from 1978/79—and for 17.1 million tons of the oil output—2.6 million more than in the previous year.

The anticipated U.S. gains have been locked in by a record soybean harvest, which at an estimated 60.9 million tons is nearly 20 percent above the 1978 level. As a result of this sharp advance, soybeans have moved into first place among U.S. crops in terms of area harvested. They also continue to rank as the No. 1 dollar earner among harvested crops and as the top U.S. agricultural export. In fiscal 1979, U.S. exports of soybeans and products earned an estimated $7.5 billion, compared with $6.4 billion in fiscal 1978.

This season, about 75 percent of the projected growth in foreign meal production and one-third of that in foreign fats and oils production is coming from Southern Hemisphere countries, where crops are just now being planted and will not move into consumption until March-May 1980. This means that there is considerable room for change in the forecasts within the next few months and that much of the competitive impact of these larger outturns will not be felt until 1980/81.

Already, months before the 1980 harvest, almost all of the available 1979 Southern Hemisphere soybean supply has either been exported, crushed, or committed for export. Therefore, as was also the case last year, foreign customers will be relying heavily on U.S. beans until at least March 1980. And by the time new-crop beans and products from the Southern Hemisphere hit the market, nearly 75 percent of the expected U.S. export volume already will have been achieved.

During January-March 1980, the markets also will be sensitive to any weather abnormalities that might signal a replay of the poor Brazilian soybean yields experienced in 1978 and 1979. In the meantime, Brazil's 1980 soybean production is forecast at 13.5 million tons, compared with the drought-affected harvest of 10.5 million in 1979.

Argentina, the Southern Hemisphere's next largest producer, will harvest its fifth consecutive record crop of soybeans, which is forecast at 4.5 million tons in 1980, against 3.8 million in 1979. Argentina also is a major producer of sunflowerseed and peanuts.

Availabilities of oilseeds for crushing and export from this year's large U.S. harvest—and from increased outturns elsewhere of soybeans, sunflowerseed, and other oilseeds—will reach a new high. U.S. exports during the marketing year ending August 31, 1980, for instance, are projected to include 22.5 million tons of soybeans (compared with 20.5 million tons estimated to have been shipped in 1978/79); 998,000 tons of soybean oil (1 million); and 6.4 million tons of soybean meal (6.0 million).

The gains will not be sufficient, however, to prevent a sharp buildup in stocks, and, as traditionally has been the case, much of the stock accumulation will occur in the United States. Currently, stocks of U.S. soybeans are projected to reach 10.9 million tons by September 1, 1980.

The indicated increase in U.S. 1979/80 potential meal production represents 71 percent of the projected world gain in meal and 60 percent of that in fats and oils. On a percentage basis, these increases still are smaller than the record gains posted in 1977/78, when world production of meal soared by nearly 12.3 million tons and that of oil by almost 5 million tons, largely in response to a bumper U.S. soybean harvest.

At that time, U.S. soybean stocks also increased, from carryin stocks of 2.8 million tons to 4.4 million by the season's end. Additional growth in stocks, however, was moderated by the two consecutive shortfalls in Brazil's soybean crop and, consequently, higher than expected demand for U.S. soybeans and products.

On the demand side, imports of soybeans and meal by major markets appear likely to at least match growth rates of the recent past. A survey of U.S. agricultural attachés in 14 major markets[1] reveals that combined imports of soybeans and meal (soybean meal equivalent) may rise 1.4 million tons to nearly 27.8 million tons in 1979/80, compared with an average yearly rate of about 1.29 million in 1965-77. This is below last season's actual gain of 2.6 million tons, but experience has shown that actual imports generally run ahead of projected levels.

The Soviet Union also is a market to watch, in light of its continuing protein deficit and emphasis on expanding livestock numbers. The country recently has begun to stress improved feeding practices as a means of attaining its livestock goals, which in turn implies stepped-up need for imported oilseeds and products. Such imports—largely from the United States and Brazil—are projected at 1.6 million tons (soybean meal equivalent) in 1979/80, compared with 1.1 million estimated for 1978/79, and only 280,000

The author is a supervisory economist, Oilseeds and Products Division, FAS.

[1]Markets include the countries of the European Community (minus Ireland), Spain, Poland, Yugoslavia, Japan, Taiwan, the Republic of Korea, and Mexico.

as late as 1974/75.

Growth in high-protein oilseed meal consumption over the past decade has outpaced the growth in high-protein feed-consuming animal units. This trend has been enhanced by recent declines in fishmeal availabilities and by the high grain price support policy of the European Community, which has promoted increased use of non-grain feeds in conjunction with more soybean meal.

At some point, needless to say, high-protein feeding rates will be optimized in animal rations, causing growth in demand for meal to drop back to the 2-3 percent yearly growth rate in animal numbers. But that point has not yet been reached, since the USSR and a number of countries in Eastern Europe and Latin America still are using far less protein per animal than are countries where feed technology is more advanced.

Moreover, expansion in poultry meat production, in relation to beef, has led to the feeding of more protein per unit of meat produced. And vegetable protein increasingly is being accepted as a meat substitute—an acceptance that is likely to grow considerably in the future as meat prices increase and consumers become acquainted with the versatility of such products.

The decade ending last year was marked by a number of key shifts in world soybean and meal trade. Some of the changes:

- A slowdown in the compound annual rate of growth in world exports of soybeans and meal from 13.0 percent in 1968-73 to 10.9 percent in 1973-78;
- Accelerated growth in exports from Brazil and Argentina and a consequent reduction in the U.S. share of the world market—from 92 percent of the market for soybeans and meal (meal equiv.) in 1968 to 74 in 1978;
- Growth in volume of shipments from all key exporters except China, which went from a net exporter in 1968 to a net importer in 1978; and
- Slower rates of growth in exports to traditional markets than in those to Eastern Europe and Asia (other than Japan).

These trends will probably continue into the future, with a further shift in focus from developed to developing nations. It is in this latter group where much of the population and income growth of the future is likely to occur and where most of the dietary improvement and livestock industry expansion is needed. Long-term projections based on these realities and the assumption that vegetable oil prices will not drop sharply—as predicted by some analysts—point to:

- A continued 3 percent yearly gain in vegetable oil demand. Soybean oil would likely satisfy an increased share of the total, compared with 22 percent in 1978/79 and 18 percent averaged during 1972-74. Oil of U.S. origin is expected to satisfy about one-fourth of global requirements in the 1980's—about the same as in 1978/79. Palm oil's share of demand is expected to be around 6 million tons by the mid-1980's—9 percent of the world total, against 7 percent in 1978/79.
- A continued 4-percent annual gain in demand for high-protein meal, during the 1980's. Soybean meal could account for more than four-fifths of the indicated gain, and about half the projected gain may come from the United States.

World trade in oilseeds and products is expected to outpace the rate of growth in production, reflecting the fact that demand growth will be greatest in the net importing countries. □

Changes in World Trade in Soybeans and Meal (Soybean Meal Equivalent), 1968, 1973, 1978

Origin and destination	1968		1973		1978	
	Million tons	*Percent*	*Million tons*	*Percent*	*Million tons*	*Percent*
Exports:						
U.S.	9.07	92	14.93	82	22.37	74
Brazil	.29	3	3.00	17	5.94	19
Argentina	0	0	.05	0	1.89	6
Other	.49	5	.16	1	.18	1
Total	9.85	100	18.14	100	30.38	100
Imports:						
EC	5.47	56	9.99	55	16.68	55
Other West Europe	1.15	11	1.72	9	3.57	12
East Europe	.68	7	2.30	13	3.70	12
USSR	0	0	.56	3	.71	2
Japan	1.94	20	3.17	18	3.73	12
Other	.61	6	.40	2	1.99	7
Total	9.85	100	18.14	100	30.38	100

World Production of Oil and Meal[1]

[In million metric tons]

Item	1977/78	Annual change	1978/79	Annual change	1979/80[2]	Annual change
Meals:						
United States	39.0	+10.6	41.0	+2.0	49.6	+8.6
Foreign	40.7	+1.7	43.8	+3.1	47.4	+3.6
World	79.7	+12.3	84.8	+5.1	97.0	+12.3
Soybean	50.7	+9.6	54.7	+4.0	65.3	+10.6
Other	29.0	+2.7	30.1	+1.1	31.7	+1.6
Oils:						
United States	14.0	+2.9	14.5	+ .5	17.1	+2.6
Foreign	38.7	+2.1	40.4	+1.7	42.2	+1.8
World	52.7	+5.0	54.9	+2.2	59.3	+4.4
Soybean	11.3	+2.2	12.2	+ .9	14.5	+2.3
Sunflower	4.7	+1.0	4.6	- .1	5.4	+ .8
Palm	3.5	+ .2	3.9	+ .4	4.3	+ .4
Other	33.2	+1.6	34.2	+1.0	35.1	+ .9

[1] Includes revisions through November 20, 1979. [2] Projected potential production calculated from assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings. Split years include Northern Hemisphere crops harvested in the second half of the first year shown, combined with Southern Hemisphere crops harvested in the early months of the following year. Animal, marine, and palm products are calendar year estimates for the second year shown.

Fiscal 1979 Farm Exports Hit Record $32 Billion

By Sally B. Byrne

Agricultural exports from the United States jumped $4.7 billion in value between fiscal 1978 and 1979, reaching a record $32 billion.[1] Generally higher prices for major commodities accounted for much of the growth, while volume rose 4 percent to 5.6 million metric tons.

Agricultural imports increased 17 percent in value, and the U.S. agricultural trade surplus expanded to $15.8 billion.

Following the record 1978 U.S. corn crop, export supplies were plentiful. Foreign demand for feedgrains was strong because of expanding livestock feeding. As a result, U.S. feed/grain exports increased 4 million tons in fiscal 1979. Sorghum, barley, and oat exports declined, but corn exports rose 10 percent in volume. The export unit value increase from $103 to $112 per ton.

The USSR became the largest market for feedgrains with shipments increasing to 11.2 million tons. Exports also increased significantly to Eastern Europe, Latin America, Korea, and Taiwan.

Exports to China reached 2.8 million tons, up from nil the year before. Exports to Western Europe declined 12 percent because of recovery in West European grain production from the 1977 shortfall. Exports to Japan declined slightly.

U.S. exports of wheat and flour declined only 2 percent in volume despite the 62-million-ton rise in wheat production outside the United States in 1979/80. Shipments fell to North Africa, Latin America, the European Community (EC), and South Asia.

Exports to China increased from 1.05 million tons to 2.68 million, and larger shipments went to non-EC Western Europe, the USSR, Japan, and the developing countries of Eastern and Southeastern Asia. The wheat export unit value rose a fifth to $146 a ton.

Rice exports reached a record 2.4 million tons in fiscal 1979 because of sharply higher shipments to Western Asia and Peru. In Western Asia, strong gains were recorded to Iraq, the United Arab Emirates, Yemen, Saudi Arabia, and Syria. Shipments to Iran declined slightly.

U.S. exports to Indonesia dropped from 442,000 tons to 232,000 tons because of improved crops there. Exports to Nigeria declined 34 percent to 128,000 tons.

The rice export unit value declined from $384 per ton to $369, in part because exports of parboiled rice fell by one-half.

Soybean exports increased 3 percent in volume, and the unit value was up 12 percent to $270 per ton. Shipments to the USSR rose from 831,000 tons to 1.2 million, and exports to the developing countries of Eastern and Southeastern Asia rose from 1.4 million tons to 1.7 million. Shipments also increased to Japan, Canada, Latin America, and Western Asia.

Soybean exports to the EC dipped 3 percent to 8.6 million tons. The EC is encouraging feeding of grain to livestock in place of protein meal combined with low-protein feedstuffs.

Despite the reduced 1978 cotton crop, exports continued to increase in fiscal 1979. Japan returned to its position as the leading market, as shipments increased 17 percent to 296,000 tons. Shipments to South Korea declined 7 percent to 270,000 tons. With shipments up 24 percent, China became the third-largest market. Exports were down 20 percent to Taiwan and 22 percent to Hong Kong.

Tobacco exports recovered from reduced fiscal 1978 shipments. Most of the increase was a result of a 16 percent rise in shipments to the EC. Shipments were also larger to Taiwan, Thailand, South Korea, and the Philippines. Exports to Japan fell 7 percent.

Higher prices pushed the value of animal product exports to $3.6 billion in fiscal 1979. Whole cattle hides became the largest export item, increasing 2 percent in volume to 24 million pieces and 61 percent in value to $884 million.

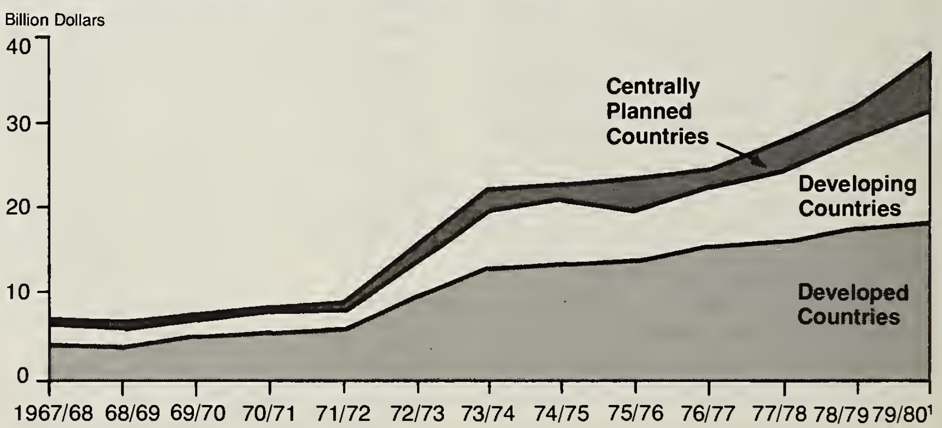
Cattle hide exports increased 33 percent to Western Europe and 11 percent to Eastern Europe. Shipments fell 5 percent to Japan and 9 percent to the developing countries. The reduction in shipments to Korea more than offset increased exports to Mexico.

Meat export volume dipped, despite a 7 percent gain in beef shipments. Exports to Japan and Mexico increased significantly, but exports to Canada and the EC declined.

[1] All data in this report have been adjusted for transshipments.

The author is an economist with USDA's Economics, Statistics, and Cooperatives Service.

U.S. Agricultural Exports (Oct.-Sept. years)



[1] Forecast.

U.S. exports of poultry and poultry products rose 11 percent in value. Poultry meat exports were up 7 percent in volume because of expanded shipments to Japan, Latin America, Egypt, and Singapore. Shipments to Nigeria, Iraq, and Hong Kong declined sharply.

Exports of live poultry and eggs decreased in volume, but higher unit values pushed the values above fiscal 1978 levels.

Dairy product exports dropped a fourth in value because of lower prices and smaller volume for nonfat dry milk exports.

Higher prices pushed the value of U.S. exports of fresh and processed fruits above $1 billion. Most of the increase was a result of a 28 percent rise—to $225 million—in exports to Japan. Exports to Canada, the largest market, increased slightly in value. Export value to the EC fell 9 percent.

Export volume of oranges and lemons fell significantly, and total fresh fruit exports declined 3 percent in volume. Dried fruit exports were down because of the small 1978 U.S. raisin crop.

Vegetable exports rebounded because of expanded exports of pulses and higher unit values. The value of exports to Canada declined slightly to $245 million. Exports expanded to all other regions, with shipments to Latin America in particular up 40 percent in value.

Agricultural exports to the centrally planned countries showed the sharpest expansion in fiscal 1979. Exports to the USSR rose 20 percent to $2.2 billion. Grain exports increased 5 percent to 15.2 million tons, and soybean exports jumped 43 percent to 1.2 million tons.

U.S. farm exports to Eastern Europe increased 35 percent in value. Volume gains were record for feed/grains, protein meal, and cattle hides. Exports to China expanded from $370 million to $917 million because of large corn shipments and substantially higher shipments of wheat and cotton.

Exports to the EC increased 13 percent to $7.4 billion although wheat, feedgrain, and soybean shipments declined in volume. Tobacco, protein meal, cotton, and cattle hide volumes increased.

The value of exports to Japan topped $5 billion, up 21 percent from the year-earlier level. Higher prices were partly responsible, and volume increases were recorded for cotton, wheat, soybeans, meat, and fresh fruit.

Exports to the developing countries of Eastern and Southeastern Asia rose 21 percent in value to $3.5 billion. Exports to Korea expanded 31 percent to $1.4 billion, and exports to Taiwan jumped 34 percent to $977 million.

Exports to Latin America rose from $2.8 billion to $3.4 billion. Volume expanded for exports of feedgrains, soybeans, protein meal, vegetable oils, and meats. □

U.S. Agricultural Exports: Volume By Commodity, October-September 1975/76-1978/79

Commodity	1975/76	1976/77	1977/78	1978/79	1977/78-1978/79 change
	1,000 mt	*1,000 mt*	*1,000 mt*	*1,000 mt*	*Percent*
Wheat and flour	30,610	24,717	32,834	32,217	-2
Feedgrains	49,855	50,602	55,545	59,499	+7
Rice	1,950	2,319	2,276	2,397	+5
Soybeans	15,050	15,155	19,686	20,194	+3
Protein meal	4,870	4,263	5,840	6,290	+8
Vegetable oils	965	1,221	1,532	1,563	+2
Cotton, excluding linters	730	989	1,317	1,341	+2
Tobacco	273	290	272	287	+6
Other	9,798	12,310	12,568	13,708	+9
Total[1]	114,104	111,866	131,870	137,496	+4

[1] Actual export tonnage, not converted to product equivalents. Excludes animal numbers and some commodities reported in cases, pieces, dozens, liquid measures, etc.

U.S. Agricultural Exports: Value By Commodity, October-September 1975/76-1978/79

Commodity[1]	1975/76	1976/77	1977/78	1978/79	1977/78-1978/79 change
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Animals and animal products:					
Dairy products	131	170	156	116	-25
Fats, oils, and greases	406	583	574	705	+23
Hides and skins, excl. furskins	457	590	604	970	+61
Meats and meat products	592	608	688	844	+23
Poultry and poultry products	235	302	332	368	+11
Other	386	394	476	640	+34
Total animals and products	2,207	2,647	2,830	3,643	+29
Grains and preparations:					
Feedgrains	5,966	5,345	5,695	6,657	+17
Rice	607	689	873	884	+ 1
Wheat and flour	4,741	3,003	4,072	4,775	+17
Other	225	238	265	293	+11
Total grains and preparations	11,539	9,275	10,905	12,609	+16
Oilseeds and products:					
Vegetable oils and waxes	558	767	957	1,093	+14
Soybeans	3,038	4,307	4,749	5,444	+15
Protein meal	843	950	1,176	1,415	+20
Other	253	362	558	602	+ 8
Total oilseeds and products[2]	4,692	6,386	7,440	8,554	+15
Other products and preparations:					
Cotton, excluding linters	910	1,529	1,694	1,896	+12
Tobacco, unmanufactured	929	1,065	1,132	1,292	+14
Fruits and preparations	755	804	979	1,047	+ 7
Nuts and preparation	182	223	273	305	+56
Vegetables and preparations	595	697	649	756	+17
Feeds and fodders	381	620	575	774	+35
Other	570	728	817	968	+18
Total products and preparations	4,321	5,666	6,131	7,177	+17
Total	22,759	23,974	27,306	31,983	+17

[1] Some commodity groups in this table differ slightly from those used by FAS. [2] Commodity groups revised in 1978/79. Shelled peanuts, excluding oil stock, were moved from "oilseeds" to "nuts."

WORLD FOOD PRICES

Upward Trend Holds In Most Countries

Food price indexes (FPI's) generally continued their upward spiral in September and October in the 18 countries surveyed by FAS on November 6. Two exceptions were West Germany—down 4 percent to 146.7 (1970=100), the lowest index in the survey—and Brazil. The latter's index fell a significant 16.7 percent to 1,188.9, but still the second highest index in the survey.

In the United States, there was only a modest gain of 0.3 percent to 205.3, following the general trend toward lower-than-normal increases during the month of September.

West Germany, Switzerland (155.8), and the Netherlands (167.0) had the lowest indexes in the survey. Japan (221.9 and West Germany had the least yearly changes—-0.8 and +0.4 percent, respectively.

U.S. agricultural counselurs and attaches report monthly FPI's for selected countries in alternate months, as well as prevailing prices for selected food items in the capitals of the countries to which they are assigned.

Meat. Since the September survey, the price of sirloin steak dropped 44 cents per kilogram in Washington, D.C., as general consumer resistance to high meat prices resulted in some moderating or dropping in the price of more expensive cuts of beef.

However, the price of less expensive chuck, as well as pork products and broilers, increased. Despite higher prices, broilers and bacon in Washington, D.C., were still a good food buy, compared with prices in other capitals of the world.

Only Madrid, with broilers selling at $1.29 per kilogram, and Ottawa, with bacon prices at $3.19 per kilogram, had lower prices than in the United States ($1.50 and $3.41.)

In Buenos Aires, retail beef prices continued to rise despite a decline in wholesale prices. However, broiler and egg prices were lower, as both domestic production and imports increased.

In Ottawa, retail pork prices started to fall, reflecting the year-to-year increase in hog marketings of more than 20 percent. There was a sharp decline in the hog market price during the last week of October and first week of November. By January, this decline is expected to be evident at the retail price level.

Beef prices in The Hague continued unchanged at previously reported high levels. Despite a 1-week interruption in Dutch pork exports to West Germany, pork prices continued to climb because of strong local and export demand.

In London, beef prices currently were lower than they have been for about a year, owing to normal seasonal marketings and slaughterings. In contrast, pork prices in London recently rose sharply, even though hog slaughtering was higher this year than last. However, imports are a large factor in the pork sector and rising import prices have been reflected at the retail level.

Beef prices in Canberra increased slightly, but larger supplies of both pork and broilers eased prices somewhat, compared with those reported in September.

Egg prices in Canberra were up 35 cents per dozen, reflecting an easing in a price war between local producers and the Egg Board.

Coffee. The price of coffee dropped $2.06 per kilogram in Washington, D.C. Some of this decline can be attributed to lower coffee prices offered by large retail chains to draw customers into the store. However, it also could be a delayed reaction to an easing of the world market price for coffee a few months ago. With the exception of South American capitals, Washington had the lowest coffee prices in the survey.

Rice. The price to consumers for rice in Brazil jumped 10 percent in August. The retail price of milled rice in Rio de Janeiro currently is fixed at 51 U.S. cents per kilogram, compared with the previous figure of 42 cents.

Bread. The Belgian Government raised the price of bread by roughly 7 cents per kilogram, effective October 1, largely to compensate for higher labor costs. Retail bread prices have increased by more than 30 percent during the past 3 years.

Produce. Prices for produce continued to fluctuate because of seasonal factors. In general, tomato prices were up in the United States and Europe because of late-season, reduced domestic supplies. In Brussels, Rome, and Washington, D.C., prices rose 61, 20, and 20 percent, respectively.

Onion prices also were at their seasonal lows in most capitals surveyed, with the exception of South America and Canberra. Similarly, apple prices generally dropped as the supply peaked.□

By Jane K. Phillips, economist: Dairy, Livestock, and Poultry Division, FAS.

Data Qualifications: Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Counselors and Attaches on the first Tuesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

Food Price Index Changes In Selected Countries[1]

Country	Latest month	Index: 1970=100	Percent change from: Prev. month	Three months	One year
Argentine	Sept	152,125.4	+6.0	+32.3	+191.7
Australia	Sept	251.4	+ .3	+ 1.6	+ 13.8
Belgium	Sept	175.6	+ .4	+ 1.7	+ .4
Brazil	June	1,188.9	-16.9	- 1.2	+ 33.7
Canada	Sept	241.4	+ .1	+ 1.2	+ 12.8
Denmark	Sept	244.9	+ .6	+ 2.7	+ 9.5
France	(2)	(2)	(2)	(2)	(2)
Germany	Sept	146.7	+ .4	+ 1.1	+ 2.1
Italy	Sept	315.2	+1.6	+ 2.7	+ 12.7
Japan	Sept	221.9	+ .7	+ 1.2	+ .8
Mexico	Sept	378.6	+ .9	+ 3.8	+ 17.6
Netherlands	Sept	167.0	+ .5	+ 1.3	+ 2.2
South Africa	Sept	280.5	+1.6	+ 6.2	+ 16.4
Spain	Sept	333.6	+ .3	+ 3.2	+ 6.9
Sweden	Sept	227.6	+ .2	+ 1.7	+ 6.8
Switzerland	Sept	155.8	+2.0	+ 2.2	+ 5.1
United Kingdom	Sept	359.5	+ .3	+ 1.1	+ 12.7
United States	Sept	205.3	+ .3	+ .8	+ 10.1

[1] Based on official price indexes. [2] Not available.

FAS Survey of Retail Food Prices in Selected World Capitals, November 6, 1979

(In U.S. dollars per kg[1], or units as indicated, converted at current exchange rates)

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges	Bread, white, pkgd.	Rice	Sugar	Coffee, ground roasted
Bern	19.25	9.77	9.16	13.44	6.41	3.17	2.26	8.70	3.17	8.61	0.83	2.26	1.16	0.79	0.41	0.91	(2)	1.95	1.10	0.64	8.80
Bonn	13.01	7.25	6.22	5.82	11.11	2.58	1.40	4.79	2.31	5.55	.57	1.42	1.18	.48	.36	1.14	1.48	.88	.62	.97	10.66
Brasilia	3.02	2.67	5.47	7.98	8.98	1.87	.73	4.05	2.02	4.83	.25	1.30	.42	.56	.31	1.64	.23	.95	.66	.41	3.86
Brussels	13.17	6.75	5.58	5.96	5.78	3.22	1.38	5.19	2.56	7.27	.64	1.80	1.83	.51	.24	.79	1.17	1.11	1.21	1.14	9.60
Buenos Aires	5.51	5.21	4.78	8.00	7.08	2.57	1.41	7.75	7.44	11.22	.99	2.25	3.26	1.18	1.40	.52	1.42	1.62	1.51	1.02	8.38
Canberra	8.01	4.92	5.07	4.80	7.30	2.05	1.45	2.25	1.83	2.44	.44	2.03	.89	.78	.34	.43	.53	.98	.88	.52	16.29
Copenhagen	18.26	7.92	8.98	9.08	8.66	3.15	2.04	3.93	2.34	7.04	.63	3.13	2.71	1.26	.73	1.34	1.50	2.05	1.81	1.81	11.40
London	11.06	4.61	5.18	4.79	7.01	2.12	1.50	3.43	1.92	4.15	.55	1.84	1.13	.73	.32	1.06	2.16	.83	1.01	1.52	9.03
Madrid	9.45	8.40	4.75	7.39	8.22	1.29	1.11	7.15	3.13	8.52	.49	1.57	.88	.33	.31	.72	.72	.91	1.18	.64	7.59
Mexico City	4.01	3.95	3.72	4.55	4.06	2.03	.73	4.63	2.19	8.20	.34	1.14	.97	1.00	.35	.96	1.18	.58	.67	.26	3.73
Ottawa	6.78	3.92	3.88	3.51	3.19	2.06	.88	2.80	2.41	4.60	.52	1.74	1.70	.41	.18	1.48	1.31	.85	1.83	.58	7.62
Paris	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Pretoria	5.18	3.39	4.34	4.89	4.58	1.54	.76	2.71	2.02	3.41	.47	1.54	1.14	.33	.71	.57	.50	.35	1.02	.54	10.44
Rome	10.87	9.68	5.79	8.84	5.55	2.78	1.18	4.97	1.99	5.72	.55	1.13	1.44	.60	.42	.98	1.08	1.99	1.26	.91	8.45
Stockholm	14.73	8.87	7.17	13.18	8.30	4.18	2.11	3.65	2.86	5.53	.50	5.64	2.42	1.39	.57	1.23	1.27	2.26	1.58	1.05	9.09
The Hague	12.25	7.05	6.54	8.01	11.54	2.33	1.26	4.60	1.63	9.53	.52	1.40	1.15	.49	.24	.82	.83	.89	.85	.87	7.56
Tokyo	34.72	21.94	8.19	8.19	7.98	3.64	1.15	5.10	2.19	4.33	.85	1.79	2.45	.59	.69	1.76	1.30	1.27	1.31	.98	12.18
Wash. D.C.	7.03	4.87	5.11	(2)	3.41	1.50	.90	4.51	2.05	6.10	.64	2.07	1.74	.64	.35	1.37	.88	1.43	.92	.44	6.37
Median	11.38	6.57	5.52	8.32	8.99	2.45	1.32	4.82	2.25	5.91	.54	1.87	1.17	.82	.35	1.01	1.12	1.07	1.06	.89	8.91

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 quart. [2] Not available. Source: U.S. Agricultural Attaches

Downtrend in World Hide Production May Continue Through 1981

World production of hides and skins in 1979 is expected to decline to 4,475,000 metric tons, paralleling the cyclical downtrend in bovine slaughter that began in 1978 in most major cattle producing countries.

Total exports of hides and skins during 1979 are projected to drop about 6 percent from 1978's record high of 1,669,000 tons.

In 49 countries that account for most of the world's bovine hide output, production reached a cyclical high of 4,624,000 tons in 1977, declined to 4,568,000 tons in 1978, and is expected to continue trending downward through 1980 and possibly 1981.

In the long term, potential world cattle hide supply depends on the size and sex composition of the total herd, whereas in the short term, the rate of slaughter—which is affected by such factors as price, demand, weather, and disease—determines the supply.

The United States, the Soviet Union, and the European Community (EC) are, in that order, the world's foremost cattle hide producers, while the leading exporters are the United States, the EC, and Australia.

Peaks in slaughter generally lag inventory peaks by about 2 years. In the world's four major production areas—North America, Latin American, Oceania, and Western Europe—a cyclical slaughter pattern for the past two cycles reflects a low of slightly under 23 percent for 1973 to a high of almost 28 percent in 1963. Slaughter for 1976 was 26.8 percent, and probably was around 28 percent for 1977 and 1978.

However, beginning with 1979 and continuing through 1981 and possibly 1982, the slaughter rate is expected to decline.

This analysis was prepared in the Dairy, Livestock, and Poultry Division; Commodity Programs, FAS.

Slaughter rates of 26-28 percent probably will occur again in 1984 and 1985.

Total cattle slaughter—including calves—in the United States in 1979 is forecast at 37 million head, compared with 44.3 million head in 1978. Total U.S. slaughter probably will drop slightly during 1980, but is likely to peak again in the mid-1980's, barring unforeseen disturbances.

Combined exports by the United States, the EC, and Australia in 1978 accounted for more than 80 percent of the volume shipped by 49 specified countries. The United States alone accounted for 42 percent of the total.

Several developing countries that formerly were important producer-exporter nations of raw bovine hides and skins—Argentina, Uruguay, Paraguay, Brazil, Colombia, India, Pakistan, and Morocco—have implemented trade policies that have altered their historic export patterns.

Basically, these countries seek to restrict exports of raw hides and skins while encouraging exports and restricting imports of leather and leather products. Licensing, taxes, quotas, and embargoes are used to restrict exports of hides and skins and limit leather imports, while rebates, grants, and subsidies are used as incentives to encourage exports of finished leather products. Very little was accomplished in liberalizing these barriers during the recently concluded trade negotiations under the General Agreement on Tariffs and Trade (GATT). Argentina, while utilizing export taxes for salted hides, has recently removed the export embargo on this type of hide.

The leading bovine hide importing countries are Japan, South Korea, and Italy. Significant quantities also are imported by Spain, Poland, Czechoslovakia, Romania, France, West Germany, the Netherlands, and the United Kingdom. The Soviet Union, once an important importer of bovine hides and skins, now depends upon East European countries for an increasing volume of finished leather products.

Some countries in Eastern Europe, South America, and the Far East are actively promoting the growth of domestic tanning and the manufacture of leather goods for export. To utilize their expanding capacities efficiently, these nations are relying increasingly on foreign suppliers—principally the United States.

Since 1953, the United States has been a net exporter of bovine hides and skins. Increased slaughter, expanded use of nonleather materials in consumer products, a rising volume of imported leather goods, and declining output of leather footwear have made the United States the world's largest exporter of bovine hides and skins.

Exports as a share of domestic production increased from about 25 percent in the early 1960's to almost 47 percent in the early 1970's and rose further to just under 60 percent during the past 3 years. For 1979, the share probably will approach 70 percent.

Similarly, the U.S. share of total exports for the 49 specified countries rose from 26 percent in the early 1960's to 38 percent in the early 1970's and to a record 43 percent in 1977. While it declined in 1978 to 42 percent, the 1979 share probably will recover to the 1977 record level.

U.S. exports of bovine hides and skins in 1978—701,000 tons— were exceeded only by the 1976 high of 708,000 tons. Exports for 1979 are forecast at 680,000 tons—a 3 percent drop attributed to the smaller supplies available for export and higher prices.

Japan continues to be the largest export market for U.S. hides, accounting for about one-third of total U.S. foreign shipments. Other growing markets are South Korea, Taiwan, Mexico, Romania, Spain, Yugoslavia, Italy, and Canada. These nine countries in 1978 took 86 percent of total U.S. exports of hides and skins. Other important U.S. markets include Czechoslovakia, Poland, the USSR, West Germany, France, and the Netherlands.

Australia, a major exporter of hides and skins, in 1977 exported a record 195,200 tons of these items, but shipments declined in 1978 to about 188,000 tons as a result of reduced slaughter. Traditionally, Japan has

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The Agricultural Attaché

The agricultural attaché is the official emissary for U.S. agriculture in foreign countries. This representative of the Secretary of Agriculture handles all matters of trade, information needs, food aid, technical programs, and other agricultural endeavors in the respective country(ies) of assignment. The attache service consists of a team of some 100 professional agriculturalists. Posted at about 70 locations worldwide, their areas of responsibility encompass more than 110 countries. As the world has grown more interdependent on food and fiber production, so the role of these agricultural representatives has gained in importance.

This fact was reinforced with the passage of the Agricultural Trade Act of 1978, which established the diplomatic title of counselor for agricultural representatives abroad at a minimum of 10 posts. Criteria were adopted calling for the use of this title at key diplomatic posts in locations where major competitor countries provide the title for their agricultural representatives or the market potential is great and competition intense for U.S. exports.

Posts now served with an agricultural counselor are Bonn, Brussels (USEC), London, Moscow, New Delhi, Ottawa, Paris, Rome, The Hague, and Tokyo.

Today's Attaché

The basic mission of the present day attache is to promote exports of U.S. farm products, to work toward improving world trading conditions, and to report on agricultural production and trade in foreign countries. These three functions are vital to U.S. agriculture.

Market Development. In promoting exports of U.S. farm products, the attache coordinates and supervises market development activities in the assigned countries of responsibility and apprises U.S. exporters of foreign marketing opportunities and competition. The attache is in frequent contact with foreign buyers and overseas representatives of U.S. firms and associations. This provides help to U.S. agricultural exporters, trade associations, and allied groups to establish contacts with government officials and foreign businessmen. The attache also organizes and manages food exhibits, catalog shows, and product displays.

The market development activities of the attache are coordinated with and usually supported by market development cooperators, State departments of agriculture, and State export agencies. Among the oldest of these activities abroad is the cooperator program. It consists of market development projects conducted in foreign countries by the Foreign Agricultural Service (FAS) in cooperation with 47 nonprofit commodity trade associations involving products that range from grains, soybeans, meats, cotton, fruits, vegetables, and peanuts to leather and forest products. State departments of agriculture and related agencies cooperate in promoting and marketing U.S. foods and agricultural products abroad. Many agencies have fulltime international marketing specialists.

The Agricultural Trade Act of 1978 recognized the problems in increasing U.S. agricultural exports in the future. To expand opportunities for U.S. farm products, this bill mandated between six and 25 trade offices to be established under the Department in major centers of commerce throughout the world. Of the first six offices being opened under the Trade Act, Miami was opened September 28, Bahrain November 13, and Hamburg November 19. The remaining three offices to be opened within the next month or so are Singapore, Seoul, and Warsaw. A trade office in London was opened in May 1978 under previous authority. U.S. agricultural trade officers manage these posts as part of the agricultural attaché staff.

Trade Policy. The most expansive and intensive market development activities, however, cannot penetrate many trade barriers. In the individual area of responsibility, the attaché develops an understanding of the agricultural trade policy, gathers information on the trading system, determines intentions with respect to the General Agreement on Tariffs and Trade (GATT) and the Multilateral Trade Negotiations (MTN), and projects the potential level of trade access.

In addition, the attaché maintains a careful watch on foreign governmental actions which restrict the market access for U.S. agricultural products. Virtually no market in the world is without some tariff or nontariff barriers affecting access.

Special attaché offices are maintained at the headquarters of the European Community in Brussels, the Organization for Economic Cooperation and Development in Paris, the International Trade Negotiation Center in Geneva, and the Food and Agricultural Organization of the United Nations in Rome.

Reporting and Analysis. The agricultural attaché is also the keystone of the global agricultural reporting network main-

tained by the United States. On-the-spot supply and utilization reports from the attaché are constantly supplemented by special reports, ranging from changed prospects of crop production to major policy shifts within the reporting area. Analysis of these reports by commodity experts and economists in Washington, combined with accumulated background information and expertise, give the United States comprehensive and current knowledge of world agriculture for use in domestic production and policy decisions and in pinpointing potential export markets.

Changed Role

The important functions of today's attaché have evolved as the complexity of world trade has grown. Once, the attaché was little more than a collector of foreign plants and a compiler of crop statistics. Today, the attaché is a diplomat, sales person, reporter, negotiator, and builder of good will for U.S. farm products. The earliest forerunners of the present day attaché were mainly agricultural scientists and explorers. They were principally concerned with obtaining new plant and livestock species which they hoped would thrive in America.

In 1842, foreign agricultural markets and customs duties were discussed officially for the first time in a report by the Patent Office, which handled agricultural matters in the early years. Attention was given to the general U.S. agricultural export situation, agricultural imports, British Imperial preference, Canadian competition, and commercial policy. By 1845, the Patent Office was receiving reports from a traveler in Europe who voluntarily collected and sent back to Washington agricultural information on several countries—the start of a regular foreign agricultural reporting service.

In May 1862, President Lincoln signed a bill officially establishing the Department of Agriculture. The first annual report of the Commissioner of Agriculture the following year announced that the new Statistics Division would collect data on the commerce, both foreign and domestic, in leading agricultural products. After the Civil War, the growing need for more knowledge of foreign agricultural developments led to the establishment of a system of agricultural exchanges with many governments of Europe, Asia, and South America. As time went on government and trade interests wanted information prepared by U.S. investigators.

This brought about the establishment in 1882 of an agency in the office of the Consul General in London to collect statistics showing prospective demand in Europe for American products. By 1905, an employee of the Department of Agriculture's Bureau of Statistics was stationed in London, making regular trips to the Continent to prepare monthly reports on crop yields and conditions. However, that same year the International Institute of Agriculture was established in Rome through the efforts of the King of Italy. That Institute, with 46 member countries, largely took over the work of collecting foreign agricultural information until after World War I. The return to peace in 1918 brought heightened interest in news of foreign market conditions and the Department reestablished a world market reporting service to supplement the crop reporting activities of the Institute.

First Agricultural Attaché. The inception of a formal agricultural attaché service dates from May 1919, when an agricultural trade commissioner was stationed in London to study the markets for U.S. agricultural products in the United Kingdom and Western Europe and to report regularly by letter and cable. This man, Edward Foley, is considered America's first agricultural attaché in the modern sense, although he did not have the title. The Department of Agriculture's operations were hampered by the fact that its representatives were not diplomatically accredited by the Department of State. Concerned agricultural organizations and Congressional leaders began to urge separate status for the agricultural representatives. This concern prompted the Foreign Crop Marketing and Report Bill, introduced in 1924 "... to promote American agriculture by making more extensively available and by expanding the service now rendered by the Department of Agriculture in gathering and disseminating information regarding agricultural production, competition, and demand in foreign countries in promoting the sale of farm products abroad and in other ways."

This bill did not become law until 6 years later because those opposed believed that the commercial attachés and employees of the Department of Commerce assigned to foreign posts could adequately serve the interest of the U.S. farmer. However, the House and Senate were ultimately convinced of the necessity of the agricultural attaché posts, and President Hoover signed the bill (P.L. 304) June 5, 1930.

With the passage of this bill, the agricultural representatives in foreign countries gained diplomatic status as attachés on the staff of U.S. embassies. The administration of the new act was placed in the Department of Agriculture under the Bureau of Agricultural Economics in a newly created Division of Foreign Agricultural Service. During the 1930's, U.S. agricultural attachés were resident in London, Berlin, Marseilles, Shanghai, Belgrade, Buenos Aires, Pretoria, and Sydney. That decade brought about more emphasis on commodity rather than area reporting in the European offices, a marked increase in participation by Foreign Agricultural Service officers at international conferences, and a considerable extension in the activities of the attaché as agricultural advisor to heads of the embassies or legations at the post of assignment. In a general reorganization of the Department in late 1938, the Division of Foreign Agricultural Service was transferred from the Bureau of Agricultural Economics to the Office of the Secretary. In mid-1939, as a result of President Roosevelt's Reorganization Plan No. 2, the Foreign Agricultural Service became the Office of Foreign Agricultural Relations (OFAR), and the nine agricultural officers stationed abroad were transferred to the Department of State.

Attachés Return to USDA. In 1953, OFAR became the Foreign Agricultural Service, and the attachés were returned to the jurisdiction of the Secretary of Agriculture by the passage of the Agricultural Act of 1954. As indicated by a House report in 1951 and the 1954 Report of Agricultural Trade Missions, the feeling had long been widespread that the agricultural attaché service could function with the best results for the U.S. farmer and agribusiness as an organic part of the Department of Agriculture.

Ivory Coast

Breakdown in Rice Program May Lead to Larger U.S. Sales

Ivory Coast rice storage "urns" wear straw hats to shed the rain and the appearance reflects the clay-working skills of their makers. Sometimes the storage units are the most skillfully made articles in the village.

The failure of the Ivory Coast's rice support policies to live up to their promise and the stagnation of domestic production, along with a weak commercial collection system, has caused that country to boost rice imports during the past several years. The United States supplies about half of Ivoirian rice requirements, a market share that will probably rise in the future.

Rice imports are strictly controlled by the Ministry of Commerce, which purchased 180,000 metric tons in 1978/79, and may import 200,000 tons in 1979/80.

As the 10th most important U.S. rice export market in 1978/79, the Ivory Coast imported about 80,000 tons from the United States and will possibly buy more in 1979/80.

The United States is virtually the only supplier of the Ivory Coast's packaged rice imports, which official trade data indicate amounted to 2,300 tons in 1978. However, it is believed that more than this amount of packaged rice is smuggled into the country each year because such rice is abundant in most regions, even in relatively remote rural markets.

Rice remains the Ivory Coast's only grain grown under a price support. Farmers receive $302 per ton at the farm gate, and successively more if it is delivered to a Government collection point or directly to one of the Government's 10 rice mills.

However, little domestic rice—which must be of good quality and contain no more than 16 percent moisture to qualify for support—is picked up by Government agents at the farm, and even smaller amounts are delivered to collection points or mills because most farmers lack a means of transport. This makes it possible for private rice dealers to travel through the country buying rice for about $165 per ton, about half the support price. Although this practice is illegal, the Government as yet has taken no serious steps to stop it effectively.

The failure of the Government to collect rice at the farm gate has meant that only about one-fourth of the domestic crop gets into commercial channels. However, this failure to administer its program may be to the Government's advantage since it pays a consumer subsidy of about $280 per ton for milled rice selling at a fixed retail price of $465 per ton.

In the case of imported rice—which carries no support payment—the Government just about breaks even by selling it for about $400 per ton.

It is estimated that if the country were to meet its own rice requirements, the total cost of the subsidy would run to about $80 million per year at the present consumption level.

The retail rice price was last increased in June 1975, when it more than doubled. Since then, a yearly inflation rate of at least 15 percent has stifled the desire of many farmers to grow rice, which must be sold at the Government-controlled market price.

The Ministry of Commerce periodically issues tenders to authorized traders, enabling them to purchase rice for the Gov-

ernment's account. However, DISTRI-PAC, an agency of the Ministry, bids and usually wins authority to import.

Private buyers earn a 2 percent commission on the c.i.f. price if they are successful bidders. The tenders are usually for 10,000-20,000 tons of rice in 50-kilogram sacks, with 25 percent brokens.

Less than half of the 160,000 tons of bagged rice to be imported in 1979 will be purchased under tenders. The balance will be purchased directly by DISTRI-PAC, or occassionally through private traders. Although far from liberal, this policy has enabled the United States to do fairly well as a supplier.

Ivory Coast rice production data are skimpy, but 1979's rice-yield outlook is better than it has been in recent years. The rains were adequate in the May-June planting period and have been plentiful since then. However, there is general agreement among unofficial sources that rice area is declining because of the breakdown in the rice support program, and the prospect is for a future drop in total rice production.

It is likely that the Ivory Coast will become increasingly dependent on rice imports unless the Government changes its support policies. However, it may be better for the Government to import its rice rather than to pay the consumer subsidy.

In any case, raising consumer prices would not solve the rice collection problem. Only a completely new infrastructure for rice commercialization could do that and no such development now is in sight.—*Based on report by Kenneth L. Murray, U.S. Agricultural Attaché, Abidjan.* □

South Korea

Greater Cotton Use, Textile Exports Boost Imports From U.S.

A rise in domestic consumption, as well as a boom in textile exports, brought a gain in South Korea's cotton imports during the August 1978-July 1979 marketing year. The United States—by far Korea's most important supplier—Egypt, Colombia, and Nicaragua, all boosted their shipments.

Now, however, textile export prospects are clouded because of the recent depreciation of the Japanese yen in relation to the U.S. dollar. This change resulted in higher textile prices in Japan and has caused a downturn in export orders and a buildup of cotton stocks.

Korea's raw cotton imports in 1978/79 totaled 1.27 million bales (480 lb net), up 5 percent from the year earlier level of 1.21 million bales. The U.S. share of the Korean cotton import market fell from 97.2 percent in 1977/78 to 96.5 percent in 1978/79—largely because of limited availability of CCC (Commodity Credit Corporation) credit. However, actual cotton imports from the United States climbed from 1.17 million bales to 1.22 million.

Egypt's shipments rose from 3,759 bales to 7,669, Colombia's from 400 to 8,613, and Nicaragua's from 29 to 7,869 bales.

Korean mills have been buying cotton from a number of non-U.S. suppliers to test its quality should the mills decide to reduce purchases from the United States. High prices and the lack of CCC credit could be the determinants that would bring about such a move.

Despite the present downturn in orders, the textile industry believes that demand for cotton products will remain strong in the 1979/80 marketing year; the industry plans to import 1.42 million bales during the season, 12 percent more than in 1978/79. Of this figure, about 1.06 million bales are for export textiles and 354,000 bales for domestic textile consumption.

Korean cotton consumption in 1978/79 is estimated at 1.24 million bales, 12 percent over that of a year earlier. That year's booming demand for cotton textiles swamped mills with export orders in the first half of the season and led to heavy textile exports through the first quarter of 1979.

Exports of Korean cotton products in 1978/79 are estimated at 604 million pounds, $1.052 million, compared with 543 million pounds in 1977/78. In 1978, cotton product exports accounted for 8.3 percent of total Korean exports.

Of 1978/79 exports of raw cotton, 69 percent (851,000 bales) were used for the manufacture of export products and 389,000 bales were consumed domestically. These figures compare with 786,000 bales for export products in 1977/78 and 319,000 for domestic consumption.

One factor behind the 22 percent rise in domestic raw cotton use last season was the Government's restriction on cotton exports because it believed mills were shipping too much cloth and other cotton products out of the country to take advantage of high export prices. Also, a cotton promotion campaign by Korean mills—carried out jointly by the mills, the Spinners and Weavers Association of Korea, and FAS—helped to build domestic demand.

During 1978/79, mill consumption of raw cotton ranged from a low of 92,696 bales in September 1978 to a high of 117,053 in May 1979.

Korean cotton products continue to face strong competition from products of manmade fibers, but existing high prices for such products, expected rises in the cost of petrochemicals in the months ahead, and the development of new products composed of cotton and rayon or cotton and polyester have strengthened cotton's sales position.

To cope with its anticipated growth in export sales, the Korean cotton industry plans to increase the number of cotton looms and spindles in operation. The number of spindles is expected to climb from 2.9 million in 1978/79—a figure itself 12 percent higher than the previous year's total—to 3.13 million by the end of calendar 1979. In 1978/79, 97.7 percent of the existing spindles were in use, compared with 96.5 percent in 1977/78.

The number of looms in operation is seen rising from 24,185 at the end of the 1978/79 season to 29,340 by the end of 1979.

The rate of utilitization was 2/10 percent lower in 1977/78 than in 1978/79—94.8 percent compared with 94.6 percent.—*Based on report by Gerald W. Shelden, U.S. Agricultural Attaché, Seoul.* □

Lebanon

Poultry Industry On the Rebound

Lebanon's poultry industry, hard hit by the civil strife that wracked the country during 1975/76, is gradually regaining its prewar position, according to Pitamber Devgon, U.S. Agricultural Attaché for Lebanon, Syria, Jordan, and Iraq.

Broiler production for 1979 is expected to rebound to 1974's record total of about 17 million birds[1]—a jump of 30 percent over 1978 output—and is forecast to stabilize over the next several years at around the projected domestic consumption of 20-22 million.

Egg production, forecast at 470 million units for 1979, will be 18 percent higher than in 1978 but still about 20 percent below the prewar record, largely because of the loss of some prewar export markets.

Neighboring countries that formerly imported significant quantities of eggs from Lebanon have expanded their own production facilities and are also importing eggs from Eastern Europe and other sources.

However, Lebanon's egg output is expected to rise over the next several years to about 500-550 million, of which 150-200 million would be available for export.

Lebanon is expected to import about 2,000 metric tons of broilers (mostly from France) and 50-60 tons of frozen turkeys (mostly from the United States) during 1979 to supplement domestic production, but domestic broiler producers are asking the Government to issue a ban on further imports of poultry meat.

Large quantities of frozen broilers are imported for re-export to neighboring Arab countries. In 1978, for example, more than 9,000 tons of frozen broilers (principally from Yugoslavia, Bulgaria, Romania, Hungary, Italy, and France) moved through Lebanese ports to other Arab countries. In the first half of 1979, the level of such imports was more than 3,000 tons.

Although the cost of transportation is a limiting factor to increased imports of poultry meat from the United States, at least one Lebanese importer is considering the feasibility of importing U.S. poultry meat in large lots for re-export to neighboring Arab countries.

The outbreak of civil hostilities in April 1975 affected Lebanon's poultry sector in several ways. In addition to widespread damage to farms and equipment—particularly in the Bakaa region—lack of physical security has:

- Resulted in closing of some farms and reduction and/or destruction of flocks;
- Hindered importing, manufacturing, and distributing of feed;
- Dislocated and displaced veterinarian services, resulting in outbreaks of poultry diseases.

These factors caused declines in poultry production, beginning in 1975, for the first time in many years. Annual broiler production dropped by an estimated 10 percent to 15.2 million birds, and egg output fell by 15 percent to 494 million units.

The most dramatic decline was in 1976, when intensification of fighting led to heavy destruction in the poultry sector. Egg production dropped to an estimated 146 million units—about 25 percent of prewar levels—and broiler output to an estimated 5.8 million units—about a third of prewar production.

These decreases necessitated imports of broilers and eggs for the first time in many years. Broiler meat imports were an estimated 800 tons in 1975, 4,000 tons in 1976, and 6,000 tons in 1977. With the return of peace in the producing areas, imports declined to an estimated 4,000 tons in 1978 and are expected to total about 2,000 tons in 1979. Imports in 1980 are expected to be less than 1,000 tons.

Egg imports in 1976 were an estimated 60 million, while exports were practically nil that year. Prior to 1975/76, Lebanon exported 250-300 million table eggs and 15-22 million hatching eggs annually to Arab countries, particularly to Saudi Arabia, Kuwait, Syria, Dubai, and Jordan.

In 1977, when production returned to a normal level, exports in the second half of the year were an estimated 30 million, and in 1978 an estimated 100 million, including 5 million hatching eggs. Exports for 1979 are forecast at 120 million eggs, slightly less than half the 1974 level.

Lebanon's price increases for poultry and eggs in the second half of 1979 resulted from higher world prices for feedgrains and a 10 percent devaluation in the value of Lebanese currency against foreign currencies.

Lebanese chilled broilers in August 1979 retailed for the equivalent of 91 U.S. cents per pound, up 13 percent from the year-earlier price. A flat of 30 eggs was priced at 79 cents per dozen, 22 percent higher than at the same time a year earlier.

Practically all Lebanon's requirements for feedgrains and oilseeds are imported. Total grain imports in 1979/80 are forecast at 245,000 tons, compared with 207,000 tons in 1978/79. Oilseed imports during calendar 1978 were about 60,000 tons, up 54 percent from the 1977 level. □

[1]Data in this article are based on unpublished official Lebanese figures; Mr. Devgon's discussions with producers, feed manufacturers, and industry sources; and FAS estimates. Lebanon has published no poultry data since 1975.

Morocco

Farm Import Bill Rising

Morocco's production trends for grain, oilseeds, and other key agricultural commodities are steady or declining, indicating a need for an expanded volume of food imports. Only sugar and tobacco production has trended up in the 1970's.

Wheat—by far Morocco's largest agricultural import—accounted for an average 29 percent of all imported farm products during the past 5 years.

As late as the early 1970's, Morocco's wheat imports averaged only 500,000 tons annually, but this volume tripled in 1978, and the 1979/80 total is forecast at 1.65 million tons.

Not only are wheat imports expected to continue their upward trend in

volume as the gap between production and consumption widens, but the value figures may also curve upward as world prices rise.

The decline in wheat prices that followed the relatively high price levels of 1974 and 1975 has tended to mask the uptrend in wheat import volume—a situation that will change in 1979 and 1980.

Morocco's total grain imports during 1979/80 are projected at around 1.9-2.0 million tons—1.85 million tons of wheat, relief/assistance wheat flour, and commercial Durum flour (grain equivalent); 175,000 tons of corn; and 50,000 tons of barley.

However, the Ministry of Agriculture in June forecast a total grain deficit for the 1979/80 year of 2.4 million tons, thus raising the possibility that total grain imports will be somewhat higher than estimated earlier.

The first U.S. wheat to arrive in Morocco since October 1978 was landed in Casablanca in July. Of the total 615, 000 tons of wheat purchased so far for arrival after July 1, a considerable portion is expected to be of U.S. origin.

If the current pattern continues and if availabilities from competing suppliers continue to be low, the U.S. share of Morocco's 1979/80 wheat imports could range around 33 percent of the total—about 500,000-700,000 tons. The European Community (mainly France) probably will account for about 650,000-850,000 tons, and Argentina for most of the rest.

The dramatic fall in the U.S. share of the Moroccan market from 1977/78 to 1978/79 was largely because of the subsidies applied by the European Community—particularly France—and to a lesser extent to efforts by other countries to meet these low prices. Nearly all of the non-U.S. wheat entering Morocco in 1978/79 was from the EC.

Domestic production of corn is small. Two-thirds of corn outturn normally is consumed as food, mostly in the form of meal. The poultry industry continues to expand, indicating an upward trend in feed imports over the next few years. (According to FAS data, Morocco's corn imports in 1978 were 145,000 tons.)

Vegetable oils overtook sugar in 1978 as Morocco's second most valuable agricultural import. With domestic production of oil from sunflowerseed and cottonseed continuing to decline, over 90 percent of domestic vegetable oil requirements will continue to be met by imports—mostly in the form of soybeans and crude soybean oil.

Morocco achieved 70 percent self-sufficiency in sugar during 1978 and the drive for total self-sufficiency by 1985 appears attainable.

Milk imports have begun to decline as a result of import restrictions on dairy products imposed in June 1978. However, in the absence of any significant increases in domestic milk and butter production over the short term, it will be difficult to hold down imports.

Because of declining cotton production, cotton imports probably will continue their upward trend. Morocco normally imports short-staple cotton for textile production and exports long and extra-long staple cotton.

Production of dark tobaccos has increased since the early 1970's, but import needs for light tobaccos for blending are likely to remain strong.

Morocco's second most important export—after phosphates—is citrus, which for the past 5 consecutive years has expanded in value, although increases in volume have been considerably lower. However, exports for the 1979/80 year may reach 615,000 tons, a 13 percent increase over the 1978/79 results.

Citrus accounted for an average of about 28 percent of the value of all agricultural exports over the 5 years, increasing steadily each year from 20 percent in 1974 to 37 percent in 1978.

Despite these advances, export levels are still short of the levels reached in the early 1970's.

Exports of other agricultural products that have failed to increase in recent years are fresh and processed fruits and vegetables, pulses, cotton, and olive oil.—*By Frank J. Piason, U.S. Agricultural Attaché, Rabat.*

Colombia

Slashes Import Duties on Variety of Farm Products

Colombia has taken several actions in recent months that will make it easier and/or cheaper for importers in that country to bring in a wide variety of products, including a number of agricultural products. It also has released data on Colombian imports of U.S. farm products. Among the changes:

- In early September, Colombia transferred 627 tariff classifications to the free importation list. This amounts to about 10 percent of all classifications listed in the tariff schedule. Licenses are freely granted to importers desiring to bring into Colombia products on the free list.

Among the food items transferred are a number of dairy products, herbs and vegetables, fresh fruits, various alcoholic drinks, various skins, condiments and soup preparations.

- A month earlier, the Colombian Government also announced that its new anti-inflation measures would include the lowering by 5 percent of import duties on 2,600 products. This brings the rates on these products in line with those set in the Andean Pact Common External Tariff. This move is expected to reduce the paper work required for letters of credit.

- Data released in Colombia indicate that fiscal 1979 exports of U.S. agricultural products to Colombia are likely to reach about US$150 million, a gain of 17 percent over those of fiscal 1978.

Calendar 1979 exports of U.S. agricultural products to Colombia are seen reaching $160 million, up from $135 million a year earlier.

For the first 8 months of fiscal 1979, U.S. exports of agricultural products to Colombia were about $112 million, 27 percent more than in the same period of fiscal 1978.

Purchases of U.S. wheat for 1979/80 could easily reach 500,000 metric tons or more. Imports of both U.S. corn and sorghum during the second half of 1979 will likely reach 150,000 tons. Cottonseed meal and oil and pulses also are important U.S. farm products imported by Colombia. □

Brazil

Japan To Invest $138 Million In Agriculture

Following the second in a series of meetings with Brazilian officials, the Japanese Government has agreed to invest US$138 million in three projects related to Brazilian agriculture. The Japanese and Brazilian teams had discussed possible Japanese participation in Brazilian agricultural projects totaling US$1.6 billion.

These investments grew out of an agreement in 1973 under which the Japanese pledged to examine the Brazilian economy for investment opportunities.

The agreed projects include a $25 million investment in a joint Brazilian-Japanese land development project, a $50-million loan to the National Bank for Cooperative Credit, and $63 million for enlargement of facilities at the port of Tubarao in Espirito Santo State. This port exports mainly iron ore and other minerals, but eventually may handle agricultural products from Brazil's interior savanna.

The Brazilian Minister of Transportation also proposed that the Japanese invest $215 million in a "soybean railroad" in the State of Paraná.

An additional $215 million is being sought for the project from the World Bank. The remaining $484 million of the project's $914-million price tag would come from Brazil.

When completed, the railroad would extend from Cascavel in the heart of western Paraná's soybean belt to the Port of Paranagua. The Japanese delegation did not agree to assist with this project.

The Brazilian-Japanese land development project, in which the Japanese agreed to invest $25 million, is located at Paracatu, in Minas Gerais State. This project, which has been under discussion for several years, aims to convert 50,000 hectares of low-fertility savanna land into farmland to produce by 1983 100,000 tons of grains and oilseeds.

If the initial 50,000-hectare pilot project proves successful, it could expand to as many as 500,000 hectares.—*Based on report by G. Stanley Brown, U.S. Agricultural Attaché, Brasília.* □

Nigeria

Food Crops Replacing Cotton

Nigeria's cotton production in 1978/79 is estimated at about 37,000 tons (170,000 bales), about the same as in 1977/78, but substantially below the 80,000-ton production in 1976/77. About 70 percent of production is short staple, with the remainder medium staple.

The shift from cotton to food crops is expected to continue until the cotton marketing system is improved. Under the present system, cotton farmers frequently wait months before being paid for seed cotton delivered to buying stations.

The Board requires licensed buyers to submit weight and grade receipts before advancing cash for the cotton received—a process that often takes several months to complete. In contrast, farmers can sell food crops, such as corn, at the local market immediately and receive cash.

Cotton consumption probably reached about 46,000 tons (about 221,000 bales) during 1978/79, compared with 45,300 tons (208,000 bales) in the previous year. Power failure was the major cause for a reduction in consumption in the 2 years prior to 1978/79. In 1977, mills were reported to be operating at less than half of capacity because of power shortages.

Nigeria's spinning mills have about 600,000 spindles, and plan to expand the total to about 1 million by 1982 unless stymied by power problems and inefficient textile production.—*By Samuel D. Smith, Tobacco and Cotton Division, Commodity Programs, FAS.* □

China

Grain, Oilseed Harvests Increase

China's fall harvests of grains and oilseeds have probably exceeded year-earlier totals, while production of sugar, cotton, and tobacco has fallen short of 1978 levels.

Total production of grain, soybeans, pulses, and tubers in 1979 will likely reach 317 million tons. The wheat harvest is estimated at 49.5 million tons, rice at 140 million tons, and coarse grains at 83 million tons—all higher than year-earlier totals. Harvests of other grains, soybeans, pulses, and tubers are estimated at about 44.5 million tons.

China's total grain imports during 1979/80 (July-June) are projected at 9.5 million tons—7 million tons of wheat and 2.5 million tons of corn. U.S. sales thus far total about 1 million tons of wheat and 550,000 of corn.

U.S. cotton is expected to make up more than half of China's projected 1979/80 cotton imports of 2.8 million bales (610,000 tons). A rising level of mill consumption and maintenance or rebuilding of stocks are major factors in the import surge.

China also has increased its import contract for U.S. soybeans during 1979/80 to 427,200 tons. About 269,000 tons of this amount had been delivered by late November and an additional portion is expected to be delivered before the end of December. Total soybean imports in 1979/80 are projected at about 550,000 tons.

The 1979 soybean crop is expected to equal last year's good crop of 10.5 million tons. Total oilseed production, which already has exceeded the targeted increase for the year, will likely increase further as the oilseeds harvest is completed.

Winter crops, aided by good planting conditions during the fall, appear to be off to a good start. However, germination and growth could be adversely affected by continued dry winter weather.—*By Carolyn L. Whitton; Economics, Statistics, and Cooperatives Service.* □

Bumper World Cocoa Production, Lower Prices in the Offing

A record world cocoa bean crop of nearly 1.6 million tons is in the offing for 1979/80 (October-September), which means that cocoa bean prices will likely move downward in the coming months as supplies from the bumper harvest reach terminal markets. The large crop this year is attributed mainly to improved growing conditions in Ghana and Nigeria and to new plantings coming into bearing in the Ivory Coast, Brazil, and Malaysia

Cocoa prices have been at record levels for the past several years, and a large crop this season should ease the tight supply situation that has prevailed for some time. However, little change can be expected in the retail pricing of finished cocoa and chocolate products in 1980, as manufacturers continue to work off high-priced inventories, as well as battle soaring production costs. Cocoa bean futures prices exceeded $2 per pound in the summer of 1977, whereas in the preceding decade they averaged less than 50 cents per pound. The average of the daily closing price of the nearest 3 active futures trading months in October 1979 was under $1.35 per pound.

Despite inflation and the current global economic slowdown, world cocoa bean grindings in 1980 are forecast to show a modest increase over the 1979 level of 1.4 million tons, reflecting anticipated lower prices and more plentiful supplies. Cocoa consumption in recent years has been adversely affected by manufacturers using more extenders and substitutes, and by shifting to the production of more nonchocolate confectionery items in their product lines.

Although grindings are forecast to increase slightly, they are expected to remain well below anticipated production levels, thus indicating a buildup in world stocks for the third consecutive year. World stocks were increased by an estimated 64,000 tons in 1979, following an increase of 116,000 tons a year earlier.

Soviet cocoa bean grindings and imports will likely remain at low levels in 1980, given the large amounts of foreign exchange being diverted to grain imports. The USSR ranks as the world's fourth largest cocoa consumer after the United States, West Germany, and the Netherlands.

U.S. cocoa bean grindings during the first 9 months of 1979 were 5 percent greater than during the corresponding period a year earlier. Thus, the 1979 U.S. grind seems likely to top the depressed 1978 level and will probably show a modest increase in 1980, unless there is a sharp increase in imports of cocoa products.

The high price levels of recent years have given many producers incentives to expand plantings and improve cultural practices. The Ivory Coast and Brazil have now moved ahead of Ghana as the leading cocoa producers, with their production each exceeding 300,000 tons annually. Both Ghana's and Nigeria's 1978/79 harvests were the lowest in over 20 years, while record crops were posted by the Ivory Coast and Brazil.

Although growing conditions in Ghana and Nigeria have improved this season, production will remain far short of the levels of a decade ago. The decline in Ghana's production over the years has been attributed to low producer prices.

Rural-to-urban migration of farmers and workers, Government's emphasis on an industrial-based economy, and poor weather have all contributed to the decline of Nigeria's cocoa industry. However, producer prices have been increased by 16 percent this season, and more favorable weather will likely boost production above the poor 1978/79 outturn.

Although production is still relatively small, Malaysia is rapidly expanding new plantings and figures to rank among the leading producers of the world by the turn of the century.—*By R. E. T. Dull, Horticultural and Tropical Products Division, FAS.* □

World Hides ...

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been Australia's leading export market for hides, with West Germany, Poland, Italy, South Korea, and Taiwan also receiving Australian hides.

Significant quantities of hides are exported by some EC countries—notably France, West Germany, the Netherlands, and the United Kingdom—as well as by New Zealand, South Africa, and Canada. EC exports are usually within the Community, but small shipments also go to other European and Far Eastern destinations.

New Zealand's markets are principally Italy and Poland. Canada's are the United States, South Korea, Italy, the USSR, Japan, and Poland.

Italy surpassed Japan in 1976 as the world's foremost importer of bovine hides and skins and has held its lead since that time. Imports during the past 3 years were almost 23 percent of the total for 49 countries. Italy buys hides from practically every country with its largest purchases in France, West Germany, the Netherlands, Australia, New Zealand, the United States, Canada, South Africa, and Argentina.

Japan, the world's second largest importer, in 1978 took slightly under 20 percent of total imports for the 49 specified countries. As a small cattle producer, Japan is dependent upon imports to meet demand for both domestic and export leather goods. Imports during the past 2 years were about 10 percent below the 1975 high of 293,000 tons. Imports for 1979 are forecast to drop to about 230,000 tons.

South Korea is the world's fastest growing importer of bovine hides and skins. Prior to 1970, its annual imports were less than 10,000 tons, but they rocketed to 149,300 tons in 1978.

The United States continues to be Korea's principal supplier, but increased purchases from Australia, New Zealand, and Canada are making significant inroads in this market. Imports for 1979 are likely to total around 120,000 tons because of rising prices and the smaller volume available for export.

Other countries importing significant quantities of bovine hides and skins include West Germany, the Netherlands, France, Sweden, Czechoslovakia, Poland, Yugoslavia, and Taiwan. □

TRADE BRIEFS

Philippines Defines Agricultural Goals Of the 1980's

In the decade ahead, Philippine agriculture will shift its attention from rice to other carbohydrate sources, such as edible root crops and animal and plant proteins, according to a recent speech by Minister of Agriculture Arturo Tanco in outlining the outlook for the 1980's . . . but the export of higher quality rice in the early 1980's remains a major target, Tanco pointed out . . . export generation and import substitution also are high on the priority list . . . expansion of production to exportable levels of yellow corn, sorghum, fruits and nuts, spices, coffee, palm oil, and rubber is being contemplated as is a program to develop cassava and hog manure as fuel sources.

Yugoslavia Turns To Imports To Cover Wheat Shortfall

Because of a reduced wheat crop this year, Yugoslavia is turning to foreign suppliers, purchasing 300,000 tons from the United States and 100,000 tons from Romania for delivery through November . . . total wheat imports for the 1979/80 marketing year (June-May) are estimated at 1 million tons, including 800,000 tons from the United States . . . 1979 wheat harvest is placed at 4.5 million tons, down from 5.4 million a year earlier.

Egyptian Cotton Sales Rise Substantially, Stop Export Decline

Reversing a long-term export decline dating back to 1959/60, Egypt's cotton exports during 1978/79 (Sept.-Aug.) rose for the second consecutive year . . . exports amounted to 702,000 bales (480 lb net), up from 662,000 bales in 1977/78 . . . the large export volume was facilitated by record yields, and by Egypt's importing lower cost short-staple cotton to help meet domestic needs, thus releasing higher valued Egyptian long-staple cotton for export . . . last year, Egypt imported about 100,000 bales from the United States.

U.S. Exhibitors Report $1 Million in Sales at Cremona Dairy Show

U.S. exhibitors report on-site sales of nearly $1 million at the recent International Dairy Cattle Fair in Cremona, Italy . . . projected 12-month sales by U.S. participants are placed at more than $2 million . . . although bothered by poor weather at the outset, the 10-day show drew more than 150,000 persons, with vast majority of these visiting the USDA pavilion that featured U.S. dairy cattle, bovine semen, field crop and forage seed, feedgrains, soybeans, and trace mineral and vitamin feed additives.

Another Jump Seen In U.S. Share of Malaysia's Wheat Market

With domestic consumption of wheat-based products continuing to rise, Peninsular Malaysia is expected to expand imports by 13 percent to 510,000 tons in 1979/80 . . . the increased demand for wider range of high quality wheat products augurs well for U.S. wheat exports to Malaysia as the U.S. share of that market could reach 15 percent in 1979/80, compared with 12 percent in 1978/79 and 10 percent in 1977/78.

U.S. Allocates $784 Million for Title I, P.L. 480

Under Secretary of Agriculture Dale E. Hathaway recently announced that $784 million in commodity assistance have been tentatively allocated for fiscal 1980 under the Title I, P.L. 480 program, based on the program level of President Carter's September 14 budget request to Congress . . . Egypt would get the largest share of the funds—$275.1 million . . . presently, 30 countries are scheduled to receive about 3.9 million metric tons in food assistance, of which nearly 3.2 million tons is wheat and wheat flour (in wheat equivalent) . . .however, Hathaway said additional programs are being analyzed, particularly in several African countries, and more countries are expected to be added to the list later in the year.

Thailand, Australia Sign Trade Pact

Culminating discussions that began in 1972, a trade agreement between Australia and Thailand was signed recently during the visit of Australian Deputy Prime Minister and Minister for Trade and Resources, J. D. Anthony, who led a 23-member trade group to Thailand . . . besides discussing trade, the team visited Australian joint-venture operations, including the expanded Thai Dairy Industry Co., Ltd. . . . Mr. Anthony also said Australia is planning to send a buying mission to Thailand in hopes of expanding Australia's imports of Thai farm products.

Turkey's Raisin Exports Tumble in 1978/79

Turkey's raisin exports for 1978/79 are now estimated at around 76,000 tons (versus 92,908 tons a year-earlier) which left virtually no stocks carried over into the current 1979/80 (Sept.-Aug.) marketing year . . . Turkey is one of the world's leading raisin exporters . . . four EC countries—the United Kingdom, the Netherlands, West Germany, and Italy—absorb about three-fourths of Turkish raisin exports . . . Turkey's seedless raisin output for 1979/80 is estimated at around 90,000 tons, only about 10 percent above 1978/79's production of 82,000 tons . . . 1978/79 raisin output would have been higher if producers had not marketed larger quantities of their crops as table grapes.

Ethiopia's Exports Of Coffee Approach Record Levels

Ethiopia's coffee exports—the country's leading earner of foreign exchange—are estimated to rise to about 85,000 tons for the coffee year that ended September 30 . . . exports at that level would be 28 percent above the year earlier level and very close to the record exports of some 86,000 tons in 1971/72.

U.S. Logs Success At Paris Leather Show

U.S. participants reported "great success" in this year's presitgious International Leather Week, held recently in Paris . . . more than 40 U.S. companies took part in the 37th annual show that drew key buyers from more than 40 countries . . . normally, seller-buyer contact is the paramount objective of the show, but this year U.S. companies achieved over $10 million in on-floor sales . . . the Tanners' Council of America, Inc.—a co-sponsor with FAS of the large U.S. exhibit at the trade show—reports that U.S. leather exports, excluding raw hides and skins, totaled about $190 million in calendar 1978 . . the Council sees foreign sales rising to about $250 million or better in calendar 1979 and possibly in the range of $325-$350 million in 1980.

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Recent FAS Publications

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- Mexico To Expand Production and Exports of Citrus Fruit (FCF 3-79)
- U.S. Seed Exports: Quantity, Value, and Destination (FFVS 10-79)
- World Cotton Statistics, 1974-79 (FC 17-79)
- World Cotton Production Up—Consumption To Expand (FC 15-79)
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- World Coffee Crop Up From Initial Estimate (FCOF 5-79)
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- U.S. Cotton Exports Expand 12 Percent in 1978/79 (FC 12-79)
- U.S. 1978/79 Cotton Exports by Customs Districts (FC 13-79)
- World Exports and Imports of Oilseeds, Oils, and Meals, 1975-77 (FOP 16-79)

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Rice Consumption Up Sharply in OPEC Countries

World rice import patterns are shifting in response to booming consumer demand in member countries of the Organization of Petroleum Exporting Countries (OPEC).

Total rice imports by OPEC countries in 1979 are forecast to reach a record range of 4.4-4.6 million metric tons—more than a third of projected total world rice imports of 11.5 million tons. The increase of about 1 million tons for OPEC, 450,000 tons for Brazil, and 420,000 tons for South Korea will account for most of the expansion in world rice imports during 1979.

Major factors in the upward surge in total OPEC rice imports include recent purchases of rice by Indonesia from Japan and Thailand, and expanded imports by Iran, Iraq, Saudi Arabia, the United Arab Emirates, and Nigeria from the three major world rice exporters—the United States, Thailand, and Pakistan.

Rice imports by OPEC countries increased from only 1.45 million in 1975 to a peak 3.9 million tons in 1977, but dropped back to 3.6 million tons in 1978 as a result of smaller imports by Iran and a slight decline in Indonesia's imports.

OPEC's share of total 1979 value of world rice imports will be relatively higher than its share of total volume, as prices paid by Mideast rice importers and Nigeria are much higher than those paid by rice importers in Eastern Asia. Consumers in the Mideast generally prefer costlier long-grain rice to the lower priced short-grain varieties that are popular in Eastern Asia, and parboiled rice, to which value has been added by processing.

Indonesia's rice production this year may be about 5 percent below its excellent 1978 harvest of 17.6 million tons (milled basis) because of drought and insect damage. Government rice stocks have declined to about 900,000 tons, and earlier forecasts that rice imports during 1979 might decline to about 1.4 million tons have been revised upward because of the crop outlook.

The United States is now expected to ship about 300,000 tons of rice to Indonesia this year, compared with 345,058 tons in 1978, and Japan and Thailand could supply a combined total that would approach 1 million tons.

Iran, however, will be the leading OPEC market for U.S. rice during 1979, with total shipments approaching 350,000 tons—second only to the record 477,151 tons of U.S. rice shipped to Iran in 1977. Pakistan and Thailand are also important suppliers of rice to Iran. The country's total rice imports this year are expected to be about 550,000 tons, as shortages of pesticides and other inputs have inhibited prospects for a larger crop. Iran's 1978 rice harvest has been estimated at 800,000 tons, down from 850,000 tons in 1978.

Iraq's recent drought left inadequate supplies of irrigation water for rice in some areas. U.S. exports of rice to Iraq could approach the previous (1975) record of 150,000 tons of the country's projected 300,000-350,000-ton total rice imports for 1979. Other important suppliers of rice to Iraq are Pakistan, Thailand, and India.

U.S. exports of rice to the United Arab Emirates during the 1978/79 marketing year were 47,500 tons, with another 10,800 tons booked for shipment in July. Total imports of rice by the UAE from all sources may reach 250,000 tons during 1979—about 105,000 tons above the import level reached in 1978.

Kuwait's imports of rice may rise to about 95,000 tons this year, up from an estimated 90,000 tons in 1978. U.S. rice exports to Kuwait in the 1978/79 market year were about 12,000 tons.

Imports of rice by Qatar in 1978 were about 20,000 tons, including 12,000 tons from Pakistan and 5,800 tons from the United States. Pakistan's exports of rice to Qatar increased from only 2,000 tons in 1975 to 12,657 tons in 1976 and declined slightly to 11,800 tons in 1977.

Libya's rice imports increased sharply in 1976, when 16,199 tons were purchased from Pakistan in addition to imports from Egypt and Italy. Total imports of rice increased from 44,170 tons in 1975 to about 50,000 tons in 1976, and the volume held at about this level during 1977 and 1978.

Algeria's total rice imports are rising, although rice has not been an important item in the national diet. Rice imports during 1979 may total about 15,000 tons.—*By John B. Parker, Jr.; Economics, Statistics, and Cooperatives Service.*

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SUPPLEMENT

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U.S. Generalized System of Preferences: The First 3 Years

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The United States Generalized System of Preferences (GSP) is authorized by Title V of the Trade Act of 1974 as amended by Title XI of the Trade Agreements Act of 1979. The GSP is for a 10-year period and provides preferential tariff treatment to imports of products selected from designated beneficiary developing countries.

The objectives of the GSP program are to enable beneficiary developing countries (BDC's) to increase export earnings, promote industrialization, and accelerate their rates of economic growth.

One hundred and one countries and 35 nonindependent countries and territories have been designated eligible for preferential tariff treatment. Developed countries are ineligible as are Communist countries with certain exceptions. The exceptions are that the Communist country is a member of the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund (IMF); is not dominated by international Communism; and meets other requirements.

Countries granting reverse preferences to other developed countries are ineligible, as are countries that have nationalized property of U.S. citizens without compensation, negotiation, or arbitration. Also ineligible citizens without compensation, negotiation, or arbitration. Also ineligible are countries not cooperating with the United States in suppressing illegal drug traffic into the United States; those granting sanctuary to international terrorists; and those refusing to recognize arbitral awards favoring U.S. citizens and businesses. Member countries of the Organization of Petroleum Exporting Countries (OPEC) are excluded from eligibility by Title V. However, Title XI of the Trade Agreements Act of 1979 modified the blanket exclusion of OPEC members, and makes eligible for designation those countries that conclude product-specific agreements with the United States by January 3, 1980, and do not withhold petroleum.

Customs union/free trade areas of BDC's may also be designated eligible for preferential treatment and treated as a single country, providing its member states are eligible. Title XI has broadened the concept to permit extension of GSP treatment to regional associations that contribute to economic integration among members.

Duty-free treatment applies to imports of articles produced in the BDS's or to those in which at least 35 percent of the value of the product has been added in the BDC. Title XI reduces from 50 percent to 35 percent the value-added content applying to imports from regional associations, thus bringing this figure into harmony with that established for single countries.

The U.S. GSP program allows for duty-free treatment for a broad range of manufactured and semimanufactured products and for a selected list of agricultural and primary products. Title V prohibits the President from extending preferential treatment to import-sensitive articles and to articles subject to import relief.

More than 2,500 five-digit items in the Tariff

Schedule of the United States (TSUS) are eligible for preferential treatment and 339 of these are agricultural products, representing about one-fourth of all agricultural tariff headings. Three agricultural products were added in 1979—fresh garlic; dried vegetables other than beans, peas, garlic, lentils, lupines, onions, and potatoes; and coconut meat.

Limitations are imposed on preferential treatment through the competitive-need provisions of Title V. The President is directed to terminate preferential treatment if annual imports from a single BDC exceed a certain value, or when imports from a BDC exceed 50 percent of total U.S. imports of that commodity. The value, set at $25 million when the program began, is adjusted annually inproportion to the change in the gross national product of the United States. For 1978, the competitive-need value limit was $37.3 million.

Title XI has modified the 50 percent rule through a *de minimis* provision that allows the President to waive the 50 percent rule if total U.S. imports of the article are less than $1 million (adjusted annually), with 1980 as the base year. A country exceeding competitive-need limitations loses its GSP benefits on that article no later than 60 days following the end of the calendar year.

Program Results Analyzed

The GSP year previously began March 1 and ended February 28 of the following year to allow for evaluation of competitive-need exclusions and to take account of various additions and deletions that resulted from the product reviews. This period was changed by Title XI to April 1 - March 31, beginning in 1980. The following analysis is based on calendar-year data and actual trade values.

The dollar value of imports entering the United States duty-free has increased each year of the program's operation. However, the importance of duty-free imports as a percentage of total U.S. agricultural imports remains modest. In the first year of the program, all GSP duty-free imports were $3.1 billion and accounted for 2.6 percent of total U.S. imports. Duty-free agricultural imports under GSP were $547.5 million of 4.4 percent of total agricultural imports (Table 1). In 1977, all duty-free imports accounted for $3.9 billion and were 2.8 percent of total imports. Duty-free agricultural imports were $564.0 million and were 3.8 percent of total agricultural imports. In 1978, all duty-free imports were valued at $5.2 billion and accounted for about 3.0 percent of total U.S. imports. Agricultural imports entering duty-free under the GSP program amounted to $579.1 million and represented 3.5 percent of total agricultural products in 1978.

Sugar has been the largest GSP-eligible import item during the life of the program. In 1976, 1977, and 1978, sugar imports accounted for 64.8, 52.2 and 45.5 percent, respectively, of total GSP-eligible agricultural imports. Duty-free imports of this product declined from $174.8 million in 1976 to $83.3 million in 1978 or 31.9 percent and 14.4 percent, respectively, of total GSP duty-free agricultural imports in those 2 years. One reason for the decline in sugar values was that prices for that commodity dropped sharply in late 1976 from their previous high levels. Because of the distorting effects of this large trade item, the data were examined without sugar. With sugar excluded, the value of GSP-eligible agricultural imports increased each year since 1976. Duty-free imports likewise increased from $372.7 million in 1976 to $495.8 million in 1978, representing between 5.4 and 6.2 percent of total agricultural imports from BDC's. The proportion of GSP-eligible imports entering duty free has incresed from 35.0 percent in 1976 to 40.7 percent in 1978. With sugar removed, nearly two-thirds of eligible imports enjoyed duty-free treatment. Competitive-need exclusions accounted for the major share of those imports subject to duty. Other exclusions are attributable to such factors as failure to file for duty exemptions and failure of imports to meet the 35 percent value-added requirement.

A Few Products Dominate Trade

In 1978, 10 products accounted for the bulk of trade in duty-free agricultural commodities. Of the 10, five commodities (sugar, cocoa butter, corned beef, inedible molasses, and unsweeted cocoa) were over 75 percent of preferential agricultural imports (Table 2). The duty-free trade value of the five leading products was $411.4 million. Sugar—the largest item—was valued at $174.4 and comprised 31.9 percent of duty-free imports.

Sugar has been the leading item in duty-free agricultural imports since the program began. The predominance of sugar as a GSP-eligible item is reflected in the high percentage of this product being excluded from preferential treatment because of competitive-need limitations. Sugar accounted for 78.2 percent, 81.4 percent and 72.3 percent of total competitive-need exclusions in the food and agricultural sector in 1976, 1977, and 1978.

Preferential imports of cocoa butter were valued at $71.7 million in 1978, and represented 13.1 percent of GSP duty-free imports. Imports of corned beef and inedible molasses were almost equal in value, amounting to $68.9 and $68.8 million, respectively. These products accounted for 12.6 percent each of duty-free imports in 1978. Another major duty-free item was unsweetened cocoa, with value of $27.2 million or 5.0 percent of duty-free agricultural imports.

Just as a few products accounted for a high proportion of duty-free imports, a few BDC's dominate in GSP trade. The top five GSP beneficiaries in the agricultural sector in 1978 were also suppliers of the leading products. The leading duty-free products and their dominant suppliers were:

Brazil—unsweetened cocoa, cocoa butter, castor

oil, corned beef, and candy and other confectionery;

Mexico—cocoa butter; ale, porter, stout, or beer; live birds; and molasses;

Argentina—corned beef, castor oil, and candy and other confectionery;

Ivory Coast—unsweetened cocoa; and

Taiwan—mandarin oranges.

However, none of the top five suppliers was among the leading exporters of duty-free sugar. Still, their duty-free trade was substantial, and amounted to $284.5 million or 49.1 percent of preferential agricultural imports. Brazil, Mexico, Ivory Coast, Argentina, and Taiwas also accounted for the majority of exclusions under competitive-need limitations, amounting to $290.8 million or 38.6 percent of total competitive-need exclusions.

Review Procedure

Title V specifies the standards to be used in determining eligible articles and required the President to publish and furnish the U.S. International Trade Commission (ITC) with lists of articles that may be considered eligible for designation to the product list. The ITC then studies the probable effects of extension of duty-free treatment on U.S. industries producing similar products and on consumers. The ITC report is, in part, based on evidence collected at public hearings and from briefs from interested parties.

A party with a significant economic interest in adding an item or deleting an item from GSP can petition for such action to the Office of the U.S. Trade Representative (formerly the U.S. Special Trade Representative). Petitions are received from March until mid-July each year and formal reviews are conducted once a year. The petitions are reviewed by an interagency Trade Policy Staff Committee (TPSC) chaired by the USTR to determine if they meet established requirements. A list of petitions accepted for review is published in the Federal Register. The TPSC can review products on its own motion.

Public hearings are held by the TPSC to obtain information on the petitions. Interested parties may submit briefs and/or testify at the hearings.

With the written and oral advice of interested parties, the TPSC reconvenes to consider the merits of such petition. Its work is prepared by the GSP Subcommittee. Preliminary subcommittee advice and TPSC advice are formulated by majority vote. Any department may appeal a decision to higher levels—first to the Trade Policy Review Group (Assistant Secretary level) and finally to the Trade Policy Committee (Secretary level), both of which are interagency groups chaired by USTR. When the review is completed, USTR forwards the advice thus obtained to the President for action.

The Trade Policy Staff Committee's approximate timetable for annual product review is as follows:

June 1	**Announcement of review**
June 15	**Deadline for receiving petitions**
August 1	**Announcement of accepted petitions**
September 15	**Public hearings**
April 1	**President proclaims new list of designated products and countries**

List of Developing Countries and Territories Designated As Eligible for Preferential Duty-Free Treatment Under the General System of Preferences

Independent Countries

Afghanistan	Central African Empire	Ghana
Angola	Chad	Grenada
Argentina	Chile	Guatemala
Bahamas	Colombia	Guinea
Bahrain	Comoros	Guinea Bussau
Bangladesh	Congo (Brazzaville)	Guyana
Barbados	Costa Rica	Haiti
Benin	Cyprus	Honduras
Bhutan	Djibouti	India
Bolivia	Dominican Republic	Israel
Botswana	Egypt	Ivory Coast
Brazil	El Salvador	Jamaica
Burma	Equatorial Guinea	Jordan
Burundi	Ethiopia	Kenya
Cameroon	Fiji	Korea, Republic of
Cape Verde	Gambia	Lebanon

Lesotho
Liberia
Malagasy Republic
Malawi
Malaysia
Maldives
Mali
Malta
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nauru
Nepal
Nicaragua
Niger
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Portugal
Romania
Rwanda
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Singapore
Somalia
Sri Lanka
Sudan
Surinam
Swaziland
Syria
Taiwan
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Upper Volta
Uruguay
Western Somoa
Yemen Arab Republic
Yugoslavia
Zaire
Zambia

Nonindependent Countries and Territories

Antigua
Belize
Bermuda
British Indian Ocean Territory
British Solomon Islands
Brunei
Cayman Islands
Christmas Island (Australia)
Cocos (Keeling) Islands
Cook Islands
Dominica
Falkland Island (Malvinas)
French Polynesia
Gibraltar
Heard Island and McDonald Islands
Hong Kong
Macao
Montserrat
Netherlands Antilles
New Caledonia
New Hebrides Condominium
Niue
Norfolk Island
Pitcarn Island
Saint Christopher-Nevis-Anguilla
Saint Helena
Saint Lucia
Saint Vincent
Tokelau Islands
Trust Territory of the Pacific Islands
Turks and Caicos Islands
Tuvalu
Virgin Islands, British
Wallis and Futuna Islands
Western Sahara

Table 1—U.S. Imports of Agricultural Products: World Trade and Under GSP, 1976-78
(In million dollars)

Year	Item	World trade	Total imports from BDC's	GSP imports from BDC's: Eligible imports	Free	Dutiable	Competitive-need exclusion
1976							
	Total	12,321.4	6,995.4	1,564.7	547.5	1,017.2	565.2
	Sugar[1]	1,148.4	1,014.0	1,014.0	174.8	839.2	442.2
	Balance	11,164.0	5,981.4	550.7	372.7	178.0	123.0
1977							
	Total	14,808.1	8,770.2	1,520.0	564.0	956.1	876.4
	Sugar[1]	1,024.8	854.2	854.2	133.4	720.8	713.9
	Balance	13,783.3	7,916.0	665.8	430.6	235.3	162.5
1978							
	Total	16,669.0	9,195.2	1,422.4	579.1	843.3	752.6
	Sugar[1]	772.9	647.5	647.4	83.3	564.1	544.4
	Balance	15,669.0	8,547.7	775.0	495.8	279.1	208.3

[1] Costa Rica received GSP treatment retroactively as a result of revaluation of imports.
Note: Totals may not add due to rounding.
Source: Bureau of the Census, U.S. Department of Commerce.

Table 2—GSP Duty-Free Agricultural Imports—Leading Items 1976, 1977, 1978

TSUS number	Product	1976 Value	1976 Share of total	1977 Value	1977 Share of total	1978 Value	1978 Share of total
		Mil. dol	Percent	Mil. dol	Percent	Mil. dol	Percent
107.48	Corned beef	68.9	12.6	19.6	3.5	56.1	9.7
125.80	Live plants, n.s.p.f.[1]	5.5	1.0	7.2	1.3	9.4	1.6
147.29	Oranges, mandarin, canned	3.1	0.6	6.9	1.2	8.6	1.5
155.20	Sugar	174.8	31.9	133.4	23.7	83.3	14.4
155.40	Molasses, inedible	68.8	12.6	72.4	12.8	56.9	9.8
156.35	Cocoa butter	71.7	13.1	56.3	10.0	54.5	9.4
156.40	Cocoa, unsweetened	27.2	5.0	84.4	15.0	79.4	13.7
157.10	Candy, n.s.p.f.[1]	10.9	2.0	10.0	1.8	11.9	2.1
167.05	Ale or beer	9.0	1.6	11.0	2.0	14.7	2.5
176.14[2] 176.15	Castor Oil	10.6	1.9	38.8	6.9	39.3	6.9
Subtotal		450.5	82.3	440.0	78.0	414.0	71.5
Others		97.0	17.7	124.0	22.0	165.0	28.5
Total		547.5	100.0	564.0	100.0	579.1	100.0

[1] Not specificelly provided for.
[2] Effective 10/1/76. TSUS 176.02 was split to form 176.14 and 176.15.
Note: Totels may not add due to rounding.
Sourca: Bureeu of the Census, U.S. Department of Commerce.

Table 3—GSP-Eligible Agricultural Imports, Major Beneficiary Countries, 1978

Country	Total Eligible		Free		Dutiable		Competitive-need exclusions	
	Mil. dol	Percent	Mil. dol	Percent	Mil. dol	Percent	Mil. dol	Percent
Brazil	255.8	18.0	101.1	17.5	154.7	18.3	149.9	19.9
Mexico	162.2	11.4	85.1	14.7	77.1	9.1	60.4	8.0
Argentina	76.9	5.4	38.7	6.7	38.1	4.5	32.5	4.3
Ivory Coast	73.5	5.2	41.6	7.2	32.1	3.8	31.8	4.2
Taiwan	41.0	2.9	18.0	3.1	22.9	2.7	16.2	2.2
India	25.4	1.8	21.1	3.6	4.3	.5	([1])	.0
Costa Rica	23.1	1.6	19.9	3.4	3.2	.4	.5	.07[2]
Belize	16.7	1.2	14.8	2.6	2.0	.2	.0	.0
Trinidad	16.2	1.1	15.3	2.6	.9	.1	.6	.08[2]
Ghana	14.0	1.0	13.8	2.4	.3	.04	.0	.0
Subtotal[1]	704.8	49.6	369.4	63.8	335.6	39.8	292.	38.8
Others[3]	717.6	50.4	209.7	36.2	507.7	60.2	460.7	61.2
Total	1,422.4	100.0	579.1	100.0	843.3	100.0	752.7	100.0

[1] Totels may not edd due to rounding.
[2] Negligible.
[3] The Philippines accounted for 11.9 parcent of total eligible trade in 1978. Its shara of duty free imports were less then ona percent, its dutiable imports accounted for 19.0 percent of dutieble imports and Philippine compatitive-need exclusions were 21.3 parcent of the total.

Table 4—Agricultural Commodities Designated as Eligible for Preferential Duty-Free Treatment Under the Generalized Preference Program

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
10025	Live birds valued not over $5 each, n.e.s.	4.9	
10031	Live birds, n.s.p.f., valued over $5 each	4.0	
10073	Live horses, not imported for immediate slaughter, valued not over $150 per head	4.0[1]	
10095	Live animals, except birds, n.e.s.	3.5	
10530	Dead birds, whole, plucked only, fresh, chilled, or frozen	0.7[1]	
10560	Dead birds, plucked, beheaded and eviscerated, fresh, chilled, or frozen	2.2	
10584	Birdmeat, n.s.p.f., otherwise prepared or preserved	1.7	
10640	Pork, fresh, chilled or frozen	0.6	
10660	Frogs, fresh, chilled or frozen	2.5	
10670	Meats, n.s.p.f., fresh, chilled or frozen, not over 30 cents per pound	11.5	Mexico
10675	Meats, n.s.p.f., fresh, chilled or frozen, valued over 30 cents per pound	10.0	
10680	Edible meat, offal, fresh, chilled, or frozen, not over 20 cents per pound	3.2	
10685	Edible meat, offal, fresh, chilled, or frozen, over 20 cents per pound	2.5	
10710	Fresh pork sausages	1.6	
10715	Pork sausage, except fresh	1.1	
10720	Sausages, beef, in airtight containers	7.5	
10725	Sausages, n.e.s.	5.0	
10740	Beef or veal, pickled or cured, valued not over 30 cents per pound	11.5	
10745	Beef or veal, pickled or cured, valued over 30 cents per pound	10.0	
10748	Corned beef in airtight containers	7.5	Argentina
10765	Frog meat, prepared or preserved	6.0	Bangladesh
10770	Meat and edible offal, n.e.s.	6.4[1]	
10775	Meat and edible offal, n.e.s., prepared or preserved, over 30 cents per pound	5.0	
10780	Meat extract, including fluid	0.6	Argentina
11765	Cheese from sheep's milk, suitable for grating, original loaves[2]	9.0	
11767	Cheese, pecorino, in original loaves not suitable for grating[2]	12.0	
11950	Poultry eggs, except chicken, in the shell	1.5	
11955	Chicken eggs, in the shell	14.6	
12017	Other hides and skins	2.0	
12350	Furskins of the silver, black, or platinum fox	18.5	
12420	Plates, mats, linings, strips, etc., of fur skins dressed, not dyed	8.5	
12425	Furskins, n.e.s., dressed, not dyed	2.5	
12430	Coney rabbit furskins, dressed, not dyed	5.0	
12440	Furskins, n.s.p.f., whole or not dressed but not dyed	5.0	
12460	Plates, mats, linings, strips, etc. of furskins, dyed, or dressed	10.0	
12465	Furskins, dressed and dyed, beaver, chinchilla, ermine, mink, etc.	4.0	
12470	Rabbit furskins, dressed, dyed	7.5	
12480	Furskins, whether whole or not n.s.p.f., dressed and dyed	6.0	
12501	Tulip bulbs, live	1.7	
12510	Lily bulbs	0.3	
12515	Narcissus bulbs	1.7	
12520	Crocus corms	1.1	

Footnotes at end of table

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
12530	Bulbs, roots, etc., n.e.s., imported for horticultural purposes	5.5	
12550	Grafted or budded fruit trees	5.0	
12570	Orchid plants	4.0	
12580	Live plants suitable for planting, n.s.p.f.	7.5	
12641	Flower seeds	0.4	
12671	Pepper seeds	0.4	
12710	Garden and field seeds except grass and forage crop seed, n.s.p.f.	1.9	
13020	Canary seed	1.1	
13030	Corn or maize certified seed	0.3	
13035	Corn or maize, except certified seed	7.4	Argentina
13040	Grain sorghum	1.8	Mexico
13063	Seed wheat, unfit for human consumption	5.0	
13120	Corn, milled, fit for human consumption	3.4	
13135	Rice meal and flour, fit for human consumption	0.5	
13180	Other milled grain products, not fit for human consumption	10.0	
13255	Starches, n.s.p.f.	3.8	
13530	Cabbage, fresh, chilled or frozen	10.8	
13541	Carrots, fresh, chilled or frozen, under 4 inches long	6.0	
13550	Cauliflower, fresh, chilled, or frozen, entry June 5 - Oct. 15	5.5	
13551	Cauliflower, fresh, chilled or frozen entered Oct. 16 - June 4	12.5	
13560	Celery, entering April 15 - July 31	1.4	
13570	Chickpeas or garbanzos, fresh, chilled, or frozen	2.5	
13580	Cowpeas, blackeye, fresh, chilled, or frozen	10.6	Nicaragua
13590	Cucumbers, fresh, chilled, or frozen, entry Dec. 1 - last day of Feb.	14.9	Mexico
13594	Cucumbers, fresh, chilled, or frozen, entry July 1 - Aug. 31	17.1	
13600	Dasheens, fresh, chilled, or frozen	12.5	Dominican Republic
13610	Endive, including witloof chicory	0.2	
13640	Horseradish	6.8	
13650	Lentils[2]	0.2	
13680	Okra, fresh, chilled, or frozen	25.0	Mexico
13690	Onion sets, fresh, chilled, or frozen	1.6	
13692	Pearl onions, not over 10/16 inch in diameter	7.1	Mexico
13698	Peas, fresh or chilled, entry July 1 - Sept. 30	1.2	Dominican Republic
13699	Peas, frozen entering July 1 - Sept. 30	3.4	
13701	Peas, fresh, chilled or frozen entering Oct. 1 - June 30	13.0	
13740	Radishes, fresh, chilled, or frozen	6.0	Mexico
13771	Brussels sprouts, fresh, chilled or frozen	25.0	Mexico
13775	Chayote, fresh, chilled or frozen	12.5	Costa Rica
13805	Broccoli, cauliflower, and okra, fresh, chilled or frozen, and cut, sliced or reduced in size	17.5	Mexico
14009	Mung beans, dried, entry for consumption May 1 - Aug. 31	2.3	
14010	Red kidney beans, dried, entry for consumption May 1 - Aug. 31	3.1	
14011	Dried beans, n.s.p.f. entered for consumption May 1 - Aug. 31	3.6[1]	
14014	Mung beans, dried, etc. entry for consumption Sept. 1 - April 30, withdrawn anytime	4.3	
14016	Beans, dried, except mung, entry for consumption Sept. 1 - April 30, withdrawn anytime	5.8[1]	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
14020	Chickpeas or garbanzos, split, dried, etc.	4.9	
14021	Chickpeas or garbanzos, other than split, dried, etc.	5.3	
14025	Blackeye cowpeas, dried, etc.	1.3	Mexico
14035	Lentils, dried, etc.	0.4	
14038	Lupines, dried, etc.	0.5	
14046	Peas, n.e.s., dried, desiccated, or dehydrated	2.6	
14105	Soybean, in brine, pickled or otherwise prepared or preserved, n.e.s.	8.5	
14120	Beans, except soya, prepared or preserved, not in salt or brine, not pickled	5.4	
14135	Chickpeas or garbanzos, prepared or preserved, except dried	1.3	Turkey
14145	Onions packed in salt, in brine or pickled	8.0	
14150	Onions, prepared or preserved, n.e.s.	17.5	
14155	Peas, in brine, packed in salt, pickled or otherwise preserved, except dried	2.7	Dominican Republic
14170	Waterchestnuts, in salt, pickled or otherwise preserved	17.5	Taiwan
14177	Miscellaneous vegetables, in salt, pickled or otherwise preserved	12.0	Mexico
14179	Palm hearts, prepared or preserved, n.e.s.[2]	8.5	
14502	Chestnuts, prepared or preserved, n.e.s.	3.5	
14509	Coconut meat, except copra, n.s.p.f., otherwise prepared or preserved	10.0	
14524	Pignolia nuts, not shelled	0.4	
14528	Walnuts, not shelled	8.0	
14530	Nuts, edible, n.e.s., not shelled	1.8	
14552	Pignolia nuts, shelled, blanched, or otherwise prepared or preserved	0.3	Portugal
14553	Pistache nuts, shelled, blanched, or otherwise prepared or preserved	0.4	Turkey
14554	Walnuts, pickled, immature[2]	5.0	
14560	Nuts, pickled or otherwise prepared or preserved, n.s.p.f.	28.0	Taiwan
14612	Apples, dried	1.0	Argentina
14622	Apricots, dried	1.4	Turkey
14642	Bananas, dried	3.5	
14644	Bananas, not fresh or dried, otherwise prepared or preserved	7.5	Philippines
14666	Berries, dried and evaporated, except barberries, n.s.p.f.	0.8	
14673	Black currants, gooseberries, etc., prepared or preserved	7.0	
14680	Cashew applies, sapodillas, etc., fresh or prepared or preserved[2]	7.0	
14721	Lemons, prepared or preserved[2]	0.8	
14729	Oranges, mandarin, packed in airtight containers	0.5	
14733	Citrus fruit, fresh, n.s.p.f.	8.5	Jamaica
14736	Citrus fruits, prepared, n.s.p.f.	35.0	Israel
14780	Guavas, fresh, dried, pickled or in brine	7.0	Mexico
14785	Guavas, prepared or preserved, n.s.p.f.	4.0	Brazil
14788	Mangoes, fresh, entry Nov. 1 - Mar. 31[3,4]	16.6	Mexico
14792	Mangoes, prepared or preserved[5]	8.4	India
14796	Mangoes, prepared or preserved	7.0	
14812	Cantaloupes, fresh entry Dec. 1 - Mar. 31[3,6]	35.0	Mexico
14825	Melons, other, entry Dec. 1 - May 31[3]	8.5	Mexico
14835	Melons, prepared or preserved	35.0	Mexico
14872	Peaches, fresh or in brine, entry Dec. 1 - May 31	0.4	Chile
14877	Peaches, white, fleshed, prepared or preserved, n.s.p.f.	10.0	Korea
14915	Plantains, prepared or preserved	7.5	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
14950	Fruits, fresh, n.e.s.	8.5	Mexico
14960	Fruits, prepared or preserved, n.e.s.	17.5	
15200	Banana flour and plantain flour	7.0	
15205	Fruit flours, other	15.0	
15243	Fruit paste and pulp: cashew apple, mamey colorado, sapodilla, soursop, and sweetsop	17.5	Dominican Republic
15254	Guava paste and pulp	7.0	Brazil
15258	Mango paste and pulp	7.0	India
15260	Tamarind paste and pulp[2]	15.0	
15272	Banana and plantain, paste and pulp	7.5	
15302	Jellies, jams, etc., of cashew apple, mamey colorado	5.0	
15308	Guava jelly, jam, marmalades, and fruit butters	5.0	
15316	Orange marmalade	5.5	
15324	Pineapple jellies, jams, marmalades, fruit butters, etc.	5.0	
15328	Quince jelly, jam, marmalades, fruit butters, etc.	8.5	
15332	Jellies, jams, marmalades, and fruit butters, n.e.s.	7.0	
15410	Chestnuts, candied, crystallized or glace, including marrons	1.6	
15440	Ginger root, candied, crystallized, or glace	13.5	Taiwan
15455	Fruit, candied, crystallized or glace, n.e.s.	10.0	Taiwan
15460	Candied, crystallized, or glace vegetable substance, n.e.s.	20.0	
15520	Sugar, sirup, molasses, principally crystalline structure or dry amorphous form[9]	30.0	Argentina Brazil Dominican Republic El Salvador Guatemale Guyana India Jamaica Nicarugua Panama Peru Philippines Taiwan Thailand
15530	Sugars, sirups, molasses containing not over 6 percent nonsugar solids[5]	19.8	
15535	Sugars, sirups, molasses containing nonsugar over 6 percent	2.5	Barbados
15540	Molasses, inedible	.05	
15560	Dextrose	7.4	
15575	Sugars, sirups, and molasses, blended, flavored or unflavored	15.0	
15625	Chocolate, sweetened, in bars or blocks, 10 lbs. or more	0.3	
15630	Chocolate, sweetened, except bars and blocks, 10 lbs. or more	5.0	
15635	Cocoa butter	3.0	
15640	Cocoa, unsweetened, and cocoa cake reducible to cocoa powder	0.2	Brazil
15645	Cocoa, sweetened	5.0	Ivory Coast
15647	Confectioner's coatings and other products containing over 6.8 percent nonfat solids of cocoabean nibs and over 15 percent vegetable fats other than cocoa butter	2.5	
15710	Candy and other confectionery, n.s.p.f.	7.0	
16115	Cassia, cassis buds, and cassia vera, ground	1.1[1]	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
16119	Cinnamon and cinnamon chips, ground	1.1	
16137	Ginger root, ground, not candied or preserved	0.8	
16143	Mace, bombay or wild, unground[2]	7.7	
16145	Mace, bombay or wild, groud[2 7]		
16153	Marjoram, manufactured	7.5	Egypt
16161	Mustard seeds, whole	3.1	
16165	Nutmegs, ground	0.8	
16169	Origanum, except crude	7.5	Mexico
16171	Parpika, ground or unground	7.3	
16175	Parsley, manufactured	15.0	
16179	Pepper, black or white, ground	1.1	
16183	Pepper, capsicum or cayenne or red, unground, n.s.p.f.	4.7	
16192	Rosemary, manufactured	7.5	
16194	Sage, unground[2]	2.0	
16196	Sage, ground or rubbed	1.5	
16203	Savory, manufactured	7.5	
16207	Tarragon, manufactured	7.5	
16211	Thyme, manufactured	7.5	Syria
16215	Mixed spices, spice seeds, and spices, n.s.p.f.	7.5	
16555	Fruit juices, unmixed, n.e.s. not containing over 1 percent ethyl alcohol	1.2	
16620	Gingerale, ginger beer, lemonade, and soda water	0.6	
16630	Vegetable juices, including mixed, under ½ percent alcohol	0.4	
16640	Beverages, n.s.p.f., under ½ percent alcohol	0.5	
16705	Ale, porter, stout, or beer	2.6	
16715	Cider, fermented, still or sparkling	1.0	
16725	Rice wine or sake[2]	4.5	
16734	Wine, grape, marsala, over 14 percent alcohol in containers not over 1 gallon each	5.5	
16740	Vermouth, in 1-gallon containers	4.6	
16750	Other fermented alcoholic beverages, n.e.s.	8.4	
17551	Sunflower seed	3.8	
17601	Castor oil, valued not over 20 cents per pound[2]	7.5	
16714	Castor oil, valued over 20 cents per pound, having lovibond color values greater than 6 yellow and 0.6 red[2]	4.2	
17615	Castor oil, valued over 20 cents per pound, other	3.7	
17630	Olive oil, edible, weighing with container not under 40 lbs.	4.9	
17633	Palm kernel oil, edible	1.8[1]	Malaysia
17649	Sesame oil, rendered unfit for use as food[2]	1.2	
17650	Sesame oil, not rendered unfit for use as food	0.7	
17670	Other vegetable oils, n.s.p.f., except nut oils	5.0	
17758	Wool grease, medicinal	10.9	
17762	Wool grease, n.e.s.	12.7	
17769	Animal oils, fats, and greases, n.e.s., except milk, edible	5.0	
17772	Animal oils, fats, and greases, not edible, n.s.p.f.	6.5	Cayman Islands
17830	Oil mixtures, chief value not of linseed or flaxseed	10.0	
18205	Antipasto	5.0	
18210	Corned beef hash	10.0	
18211	Pastes, hash, puddings, etc., of vegetable and/or meat or fish	17.0	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
18215	Bean cake, bean stick, miso, and similar products	14.0	
18220	Biscuits, cake, cakes, wafers, and similar products	3.0	
18230	Cereal, breakfast foods, and preparations, processed further than milling	2.5	
18232	Chewing gun	5.0	
18235	Macaroni, etc., containing no egg or egg products	1.5	
18236	Macaroni, etc., containing egg or egg products	1.5	
18240	Yeast extract, nonalcoholic, for seasoning food, except sauces	5.0	
18245	Soy sauce, thin	6.0	
18246	Sauces, except thin soy	7.5	
18252	Soups, soup rolls, cubes, etc., not containing oysters or oyster juice	7.0	
18258	Vinegar, other than malt	2.0	
18290	Edible preparations of gelatin, n.s.p.f.	6.0	Panama
18296	Wheat gluten	10.0	-
18450	Linseed oil cake and oil cake meal	1.6	
18465	Animal feed meat, n.e.s., including offal prepared or preserved inedible	4.0	Taiwan
18610	Ostrick feathers and down crude, sorted or treated only[2]	5.0	
18615	Feathers and down, n.e.s.	15.0	
18630	Bristles, crude or processed	0.2	
18640	Hair, curled, suitable for use in mattresses or paddings	2.0	Mexico
18650	Human hair, crude, sorted, treated, dyed, not made into articles	4.0	
18830	Amber and amberoid, natural whether crude or processed[2]	6.6[1]	
18834	Chicle, other than crude	8.3[1]	
18850	Turpentine, spirits and gum of, and rosin	5.0	
19010	Dried blood albumen	5.0	
19025	Catgut, whipgut, and orientalgut	17.0	
19115	Animal substances, crude, n.s.p.f.	2.5	
19245	Licorice, extract	6.0	
19285	Straw and other fibrous vegetable substances, processed, n.e.s.	5.0	Mexico
19310	Tonka beans[2]	6.3	
30404	Abaca fibers, processed but not spun	4.0	Philippines
30410	Flax, raw[2]	0.2	
30412	Flax, processed, not carded and not hackled[7]		
30420	Hemp, raw, waste, and advanced waste[2]	0.7	
30422	Hemp, processed, not carded and not hackled	1.4	
30440	Kapok fibers, processed	4.0	Thailand
30444	Ramie, processed but not spun	4.0	Brazil
30448	Sisal and henequen, processed but not spun	8.0	Kenya
30458	Other vegetable fibers, processed but not spun, n.e.s.	4.0	India
30642	Camel hair, in grease, or washed, sorted	5.2	
30652	Alpaca llama and vicuna hair, greasy or washed, sorted	0.8	Peru
30653	Alpaca llama and vicuna hair, scoured	0.7[1]	
30660	Cashmere goat hair, on the skin[7]		
30661	Cashmere goat hair, greasy or washed, not sorted	2.0	
30670	Angora goat hair, on the skin	3.3[1]	
30671	Angora goat hair, greasy or washed, not sorted	3.2[1]	
30672	Angora goat hair, greasy or washed, sorted	4.4	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
30680	Angora rabbit hair, on the skin	1.5[1]	
30681	Angora rabbit hair, greasy or washed, not sorted		
30682	Angora rabbit hair, greasy or washed, sorted		
30702	Burr and card waste, not advanced	5.4	
30806	Raw silk and silk processed but not into yarns, not in skeins	7.0	
30810	Silk noils, containing over 50 percent by weight of fibers over 2 inches in length	7.0	
30816	Silk roving, not bleached and not colored	8.5	
30818	Silk roving, bleached or colored	10.0	
30820	Other silk waste and fibers, processed, not spun	7.0	
40880	Vanillin	9.8[1]	
43510	Aloes, jalap, manna, aconite, ipecac, digitalis, etc., advanced	1.5	
43749	Enzymes and ferments,n.s.p.f.	5.0	
43758	Hormones, natural, not artifically mixed	2.0	
43784	Vitamins, not artifically mixed, natural	2.0	
43930	Natural drugs, advanced	1.5	
45010	Flavoring extracts, essences, etc., no alcohol, in ampoules, capsules, tablets, or similar forms	6.0	
45020	Flavoring extracts, essences, etc., no alcohol, not in ampoules, capsules, tablets or similar forms	6.0	
45224	Eucalyptus oil[2]	3.5	
45248	Orris oil[2]	3.0	
45254	Peppermint oil derived from mentha piperita	12.5	
45258	Pine needle oil	2.0	
45280	Distilled or essential oils, n.e.s.	3.0	
45502	Agar agar	7.5	
45506	Isinglass[2]	8.5	
45516	Gelatin, edible, under 40 cents per pound	8.8	
45518	Gelatin, edible, valued at 40 cents or more but not over 80 cents per pound	6.8	
45520	Edible gelatin, valued over 80 cents per pound	7.6	
45522	Photographic gelatin valued not over 80 cents per pound	7.1[1]	
45524	Gelatin, photographic, valued over 80 cents per pound	6.8[1]	
45530	Vegetable glue valued under 40 cents or more per pound	7.7	Israel
45532	Vegetable glue valued 40 cents or more per pound	7.8	
45534	Casein glue	7.5	
45544	Glue size, valued under 40 cents per pound	4.5	
45546	Glue size, valued 40 cents or more per pound	8.7[1]	
46010	Ambergris, containing not over 10 percent alcohol	12.0	
46015	Anethol, containing not over 10 percent alcohol	12.0	
46025	Citral, containing not over 10 percent alcohol	12.0	
46030	Civet, containing not over 10 percent alcohol	8.0	
46035	Geraniol, containing not over 10 percent alcohol	7.5	Taiwan
46045	Hydroxy citronellal, containing not over 10 percent alcohol	7.5	
46050	Ionone, containing not over 10 percent alcohol	12.0	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
46055	Linalyl acetate, containing not over 10 percent alcohol	18.0	
46060	Musk, grained or in pods, containing not over 10 percent alcohol	10.0	India
46070	Safrol, containing not over 10 percent alcohol	15.0	
46075	Terpineol, containing not over 10 percent alcohol	12.0	
46080	Other aromatic or odiferous substances, n.s.p.f., not mixes	12.0	
46085	Aromatic or odiferous substances, artificially mixed	8.7	
46090	Aromatic or odiferous substances, over 10 percent alcohol	7.7	
46505	Fatty-acid esters, ethers, etc., derived from coconut	9.6[1]	
46510	Fatty-acid ethers and esters from polyhydric alcohols, n.s.p.f.	10.1	
46515	Fatty-acid amides, amines, etc., derived from coconut palm, etc.	8.2	Cayman Islands
46520	Fatty-acid amides, amines, quaternary ammonium salts, n.s.p.f.	9.3	-
46525	Sodium and potassium salts, derived from coconut, palm, etc.	5.0	
46530	Sodium and potassium salts of fats and fatty acids, n.s.p.f.	6.5	
46535	Fatty acids, sulfonated from coconut, palm oil, etc.	5.0	
46540	Fatty acids and salts, sulfonated or sulfated, n.s.p.f.	6.6	
46545	Fatty alcohols, sulfated from coconut, palm oils, etc.	5.0	
46550	Fatty alcohols and slats sulfonated or sulfated, n.s.p.f.	6.4	
46555	Fatty acids, esters, etc., from coconut, palm kernel, palm oil	5.0	
46560	Fatty acids, esters, ethers, amides, etc., n.s.p.f.	6.2[1]	
46565	Coconut, palm kermel, and palm oils, sulfonated or sulfated	7.0	
46570	Tallow, sulfonated	8.1	Argentina
46575	Wool grease, sulfonated	7.9[1]	
46580	Animal fats, oils, or greases, sulfonated or sulfated, n.s.p.f.	7.8	
46585	Vegetable fats, oils, and greases, sulfonated, etc., n.s.p.f.	7.0	
49005	Oils, fats, and greases, halogenated, nitrated, etc.	16.0	
49010	Oleic acid	9.4	
49024	Fatty acids from coconut, palm kernel, palm oil	5.0	
49030	Lithium stearate	5.7[1]	
49032	Fatty salts of animal origin, n.s.p.f.	6.1	
49044	Fatty salts derived from linseed oil, n.s.p.f.	23.2	
49046	Fatty salts from hempseed, kapok, rapeseed, seame, etc.	6.0	
49048	Salts from coconut palm kernel or palm oil	5.0	
49050	Fatty salts of vegetable origin, n.s.p.f.	5.0	
49316	Mixtures, chief value casein	2.2	
49382	Tall oil	5.0	
49404	Beewax, bleached	7.5	
72615	Rosin, for violin bows	6.0	
74825	Cut natural flowers, dried, bleached, colored, etc.	5.0	

Footnotes at end of table.

TSUS	Description	MFN rate (1978 Ave in percent)	Countries excluded from preference by competitive-need limitations
74832	Grains, grasses, lichens, mosses, and other natural plants suitable for bouquets, wreaths, or other	11.0	
74834	Ornamental articles of dried or bleached natural plants	5.0	
74836	Ornamental articles of colored, etc., natural plants	12.5	

Definitions of terminology: AVE-ad valorem equivalent. MFN-most favored nation. NES-not elsewhere specified. NSPF-not specifically provided for. TSUS-Tariff Schedules of the United States.

[1] AVE based on 1977 imports. / [2] Not produced in the United States at the time the Trade Act was enacted, Jan. 3, 1975, and therefore the 50 percent competitive-need requirement does not apply. / [3] Added Mar. 1, 1978, pursuant to fourth TPSC review. / [4] Formerly included in 14786. / [5] Imports are subject to an important fee, which is not waived for GSP beneficiaries. / [6] Formerly included in 14815. / [7] No imports in 1977 or 1978. For TSUS items without a fixed duty, the MFN rate is left blank.

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